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Polish Line to Lease U.S. High-Tech Jets

It said the planes would go into

service next year on transcontinen-

tal and other long-distance routes.

built airliners. However, it used a

chartered McDonnell Douglas

DC-8 for one year — until August — on trans-Atlantic flights.

in the United States follows the

worst air disaster in Polish history.

In May 1987, a Soviet-built IL-62M crashed near Warsaw, killing

clined to comment, deferring ques-

all 183 people on board.

The decision to use planes made

LOT's fleet is made up of Soviet-

WARSAW — The Polish state airline, LOT, will lease three widebodied Boeing aircraft, the official news agency said Thursday, in what is expected to be the first delivery of U.S.-made high-tech-

nology jetliners to the Soviet bloc.
A report by the PAP news agency did not specify the type of air-craft involved, but Boeing Co. re-ceived permission in June from the Coordinating Committee for Multilateral Export Controls to deliver k-born queen who my pro to six 767 jets to Poland and

Airlines in Eastern-bloc countries, including Poland, Romania, Hungary and East Germany, have shown increasing interest in West-ern jetliners in recent months. The Western planes are quieter and more fuel efficient than the Soviet aircraft currently available, and the next generation of Soviet passenger planes is intlikely to be ready until sometime in the early 1990s.

The prime minister has approved LOT's plan to lease three wide-body aircraft of the Boeing type and authorized the minister to issue a formal permit," PAP quoted the official press office as saying.

Kiosk

UN Approves Cambodia Plan

UNITED NATIONS, New York (Reuters) — The UN General Assembly called Thursday for the withdrawal under international supervision of all foreign forces from Cambodia, which has been ruled by a Vietnamese-backed

government since 1979. The resolution, adopted by a vote of 122 to 19, with 13 abstentions, also called for the creation of an interim administering authority and promotion of national reconciliation among all Cambodians under Prince Norodom Sihanouk,

the exiled leader. Meanwhile, Prime Minister Hun Sen of Cambodia arrived in Paris on Thursday for peace talks with Prince Sihanouk and Son Sann, who is prime minister in a three-party coalition recognized by the United Nations as the legitimate government. Three days of talks are to begin Saturday.



At the fashion shows in New York, modern classics have a fresh look. Page 5.

General News Chad is moving gingerly to-ward eased relations with Lib-

Business/Finance RJR Nabisco management said it would offer nearly \$21 billion in cash and securities for the company. Page 13.

Dow Close The Dollar DM 1.7783 Pound 1 7778 13.51

Erupts in **Maldives**

India Is Reported To Send Troops To Prevent Coup

By Sanjoy Hazarika

New York Times Service NEW DELHI — India was reported Thursday night to have sent hundreds of troops to the tiny Indian Ocean republic of Maldives to crush an attempted coup against President Maumoon Abdul Gayoom by dozens of attackers described as Tamil-speaking merce-

The report followed a day of fighting in the capital, Male, between the attackers and govern-ment troops. It was unclear late Thursday who or which group was in control and whether the intruders belonged to a specific group.
[A Maldivian police official said

that Indian paratroopers were being deployed in Male, and a security official said that some mercenaries had fled by boat. The Associated Press reported from Colombo, the Sri Lankan capital. The security official said that he saw Indian troops in Male but that he did not know what happened to

the remaining mercenaries.
[A senior Sri Lankan government official said that at least 12 persons were killed and 22 wounded when about 150 mercenaries attacked Male, a city of 55,000 people, before dawn Thursday.]

Jerzy Wojdylo, a spokesman for LOT, declined to give details of the deal with Boeing, saying an official announcement would be made on The Press Trust of India, a news agency, said the decision to send 1,600 Indian troops was made at a Friday. Boeing officials also demeeting between Prime Minister Raiiv Gandhi and cabinet minis-

tions until the announcement in Simultaneously, Indian warships Industry sources said 767s sell were to move toward Maldives, the for \$50 million to \$70 million each, Press Trust said. It said the troops depending on the model. would be supported by tanks.

The 767 is a twin turbofan com-Other news reports said 25 persons were killed and about 100 mercial jet that can carry up to 216 passengers. The planes are considwere wounded in the lighting, ered to be up to 40 percent more which erupted between the intrudfuel-efficient than the previous ers, who arrived on two ships, and generation of Western aircraft and comply with stringent U.S. noise local soldiers. The attackers stormed the presidential palace and control restrictions. They also con-tain state-of-the-art flight control several government buildings and installations, including the airport and the television and radio sta-

Last summer, Boeing and three ufacturers - McDonnell Douglas ing about 2,000 hostages, including two cabinet ministers and threat Co., British Aerospace PLC and ened to kill them if Mr. Gaycom Airbus Industrie — were granted permission by COCOM to sell did not surrender his 10-year rule

new-generation commercial jets to of the string of coral islands. Diplomats in New Delhi and in Eastern bloc countries. The Paris-Colombo said in interviews that the based organization regulates Westattackers spoke several languages, ern strategic exports to Commuincluding Tamil and Sinhalese. At the time a Boeing spokesman, Bill Clark, said Boeing hoped to sell three 767s to LOT and two 767s to This fueled speculation that antiindian extremist groups from both ethnic groups in Sri Lanka were involved. Tarom of Romania. He said there

The attack was the third attempt also had been discussions with Mato overthrow Mr. Gaycom, who is lev of Hungary and Interflug of 48 and has ruled this chain of atolls Another Boeing spokesman, John Wheeler, said Thursday that with 1,087 islands since 1978. Mr. Gayoom won his third successive Boeing still was talking with Tarom election in September. He was to

See COUP, Page 4



REFERENDUM IN ALGERIA — A voter in Algiers casting her ballot Thursday on proposals by President Chadli Bendjedid to liberalize the economy and loosen one-party control. Page 2.

Shamir Pledges No Big Changes

He Vows to Resist Demands From Partners in Coalition

By Jim Hoagland and Glenn Frankel

Washington Post Service
JERUSALEM — Prime Minister Yitzhak Shamir said Thursday that despite demands from potential coalition partners for changes, his new government would not make any radical departures from Israel's past policies in pursuit of Middle East peace or in religious

Mr. Shamir's remarks appeared intended to reassure Western leaders and overseas Jewry following Tuesday's election, which put his right-of-center Likud bloc in the leading position to form the next government.

He continued hargaining Thursday with four small ultra-Orthodox religious parties and rightist parties that emerged from the election with new power in the Knesset, the Is-

raeli parliament. While ruling out Israel's participation in an international peace conference, the Israeli prime minister insisted that a new government would pursue a negotiated settlement along the lines laid down by the 1979 Camp David accords despite the opposition of his likely coalition partners from the far

right.
"We will be the main factor in have made it this coalition, and we have made it clear to all potential partners that we are committed to the Camp David accords and we will not change our position in this regard," the prime minister said in an interview with The Washington Post, his first since his Likud bloc won a narrow victory over the rival Labor Party in the parliamentary elections.

"It is not a setback to peace." he insisted. "There is not any change."

"We have a mandate from our people to get peace," he added, "and we consider this mandate

very seriously."
Mr. Shamir also sought to reassure Israeli and American Jews who might be alarmed by the prospect of a large bloc of religious parties in the new government that he would not yield to demands for major new restrictions on religious

He specifically rejected the ultra-Orthodox demand that he move

A cause is gaining popularity in Israel: Expel the Arab population from occupied territories. Page 4.

beyond Likud's traditional position of providing only limited support for changes in the law governing Jewish conversions, a major point of controversy between Isra-el's Orthodox religious establishment and most American Jews.

Appearing tired but confident, Mr. Shamir made it clear that despite the thin margin of Likud's lead in Knesset seats over Labor he was sure that only he could form a new government.

He would not explicitly rule out another attempt to form a national unity government with the Labor leader, Shimon Peres, if his efforts with the rightist and religious parties failed, but he said he did not see such a government as "a realistic option" as long as Mr. Peres pressed for Israel's participation in an international conference.

Mr. Peres also identified the international conference as a barrier to renewing the arrangement under which Labor and Likud shared

See ISRAEL, Page 4

For Spanish Socialists, One Crisis Begets Another

By Paul Delaney New York Times Service

MADRID - For the Spanish government, life these days is one crisis after out to be bad.

Already under criticism and even investigation on various charges - police corruption, cover-ups, obstruction of justice, influence peddling, catering to the rich, failing to reduce unemployment as the economy surges and simple mismanage-ment — the Socialist government was embarrassed to discover that the director of state television had charged a \$25,000 wardrobe to the public treasury.

The good news: A millionaire real estate developer kidnapped eight months ago has been released by ETA, the Basque separatist organization that has killed more than 750 people in a 20-year struggle for an independent state.

Now, however, the government is under heavy criticism because the police, after an extensive hunt for the 60-year-old busi-

nessman, Emiliano Revilla, failed to solve is due in large part to infighting among the the case and catch the kidnappers before they made off with as much as \$12 million in ransom money. The money represents a badly needed infusion of funds for ETA, whose initials stand for Basque Homeland and Liberty in the Basque language.

As if to rub it in, the kidnappers released Mr. Revilla within sight of his apartment. For months, the police conducted raids and put up roadblocks with no success. Yet, the police in France were twice able to intercept ransom payments totaling \$7.4 million believed bound for the kidnappers.

"The long kidnapping has shown incredible weaknesses in police intelligence and investigation," the daily paper El Pais said in an editorial, adding that it was only natural for the family to want to pay the

As it has encountered one tempest after another this year, the government has come in for criticism even from some Socialist officials as well as opposition parties and the public. The government's survival

The luck includes no strong opposition. Two years after his "irrevocable" resignation as the main opposition leader. Manuel Fraga Iribarne announced a few days ago that he would seek his old post as president of the rightist Popular Alliance.
In a dramatic confrontation, Mr. Fraga.

who founded the party in 1976, demanded that his successor, Antonio Hernández Mancha, step down, Mr. Hernández Mancha, who became president with Mr. Fraga's support, refused.

The decision by the 66-year-old Mr. Fraga, who was a minister under Franco, has thrown the party into further disarray. He founded the Popular Alliance after Franco's death and led it until he resigned in November 1986 after a series of election setbacks. At the time, Mr. Hernández Mancha, 37, was a little-known, politically inexperienced lawyer from Seville.

Since then, the fortunes of the party and rightist opposition. the right have continued to store. Mr. Me're just lucky," an official answered nandez Mancha has been unable to turn them into princers or attract coalition partwhen asked how the Socialists continued to them into winners or attract coalition partners from the political center. Mr. said that at the beliest of many in the party, he will challenge Mr. Hernández Mancha at the party's congress in January.

"I believe I had to abide by this democratic wish, which I think comes from the majority," Mr. Fraga said.

Fighting back, Mr., Hernandez Mancha warned that such a challenge would be divisive, that the Popular Alliance must avoid a split between older and newer generations and must break with the past, alluding to his predecessor's links to Fran-

But several party leaders promptly backed Mr. Fraga, and the vice president, a Fraga supporter, resigned. The prevailing belief is that Mr. Fraga will be an easy

"There will be a huge swing toward See SPAIN, Page 4

In Kenya, a Poaching Frenzy

Nairobi National Park.

Poaching is a

Richard Leakey,

chairman of the East

African Wildlife Society

crisis —

'growing national

economic sabotage.7

By Mary Battiata Washington Post Service

See BOEING, Page 15

nist-bloc countries.

East Germany

NAIROBI - The gang of 30 heavily armed poachers stole into Meru National Park, a few hours north of here, shortly after dark. Some of them surrounded the war-den's house and opened fire. Others sprayed bullets at the armory where park rangers were sleeping

As officials dived for cover, the rest of the gang charged into a fenced sanctuary, where they gunned down six rhinoceroses, cut off their valuable horns with chain saws and then vanished into the hush.

The rangers hardly got off a shot. The attack, on Sunday, was the most brazen to date in an escalat-sliced away - have been discovthis country's national parks. At ning hands down.

ing war between poschers and the ered in or near the country's major Kenyan government for control of game parks.

More than 100 elephant carcassthe moment, the poachers are win- es in a similar condition have been found since late summer.

"The poaching situation is com- In Tsavo National Park, poachpletely out of control," said Daphers in gangs as large as 50 have been

ne Sheldrick, a wildlife expert at ambushing and routing park patrols in shoot-outs that have lasted In the last week alone the bloat- as long as several hours.

ed carcasses of more than a dozen The park rangers have been condephants—their trunks and tusks sistently outmaneuvered by the poachers, partly because the poachers are superior trackers and bushmen, conservationists say. They also carry automatic weapons, while many of Kenya's park rangers use bolt-action rifles. Three rangers have been killed

and several more wounded. In September, suspected poachers assaulted a tourist bus not far from the main lodge at Meru, wounding a passenger in the chest. The threat has provoked an un-

usual public debate in Kenya, a country where tourism represents the greatest source of foreign exchange. Some members of the predominantly white wildlife conservation

movement, which in the past has quietly channeled its views to the See POACH, Page 4

In Saturday's IHT

A Special Election Guide

Saturday's Herald Tribune will include a special two-page preview designed as a guide for making sense of Tuesday night's election returns. Besides telling where to get the results first on Tuesday night and how to interpret them as they come in, the guide will report on the issues, candidates and races beyond the one for the White House. Other features will explain the importance of polling in American political coverage - and recall the most notable failure of polls in predicting a presidential race. And we will list some of the hottest election night parties in capitals around the world. Look for this special feature in Saturday's IHT.

Russia Ready to Accept Rulings of World Court

By Paul Lewis

New York Times Service
UNITED NATIONS, New York - The Soviet Union is prepared to let the World Court arbitrate any disputes over the interpretation of some treaties, a visiting Soviet legal official said.

The senior Soviet official said the Soviet Union wanted to be on a more equal footing with the United States, which has agreed to let the World Court decide any disputes arising over about 60 treaties and conventions it has signed. Moscow has refused to let the court settle such quarrels in the past.

The Soviet official said the process of changing Soviet law to give the World Court binding jurisdiction in those cases had already begun but might be long. He said that "military considerations" might also be involved.

The Soviet disclosure occurred a little over a year after Mikhail S. Gorbachev, the Soviet leader, called for the International Court of Justice in The Hague, as the World Court is officially known, to play a bigger role in resolving inter-

national disputes between nations. In particular, Mr. Gorbachev suggested that the five powers with permanent seats on the UN Securi-Council - Britain, China, France, the Soviet Union and the United States — should strengthen the court by accepting its binding jurisdiction in mutually agreed ar-

eas of international law. The United States and Britain responded by asking Moscow to prove its new support for international law by accepting the clause in many treaties and conventions that gives each side the option of submitting any dispute to the

World Court. An example of such a treaty, lawyers said, is the 1961 Vienna Convention on Diplomatic Privileges and Immunities, which regulates the status of foreign diplomats in the countries where they are ac-

credited. The four other permanent Security Council members also agreed to start informal talks with Moscow about its plan for them all to accept binding court jurisdiction.

This fall, the United States presented some more specific ideas to the Soviet Union, including the suggestion that the permanent members use the so-called chamber procedure at the World Court, which allows a dispute to be decided by a panel of 5 of the 15 judges chosen by the court president in consultation with the litigants.

It also suggested that the United States and the Soviet Union agree to let the World Court decide any

Italian Town Profits From Wedding Season's 'Bella Figura' reasons for it and that something can be cathedral and plenty of lemon and orpublic of Amalfi regulated shipping in of miles to Amalfi is surely one way to By Roberto Suro the Mediterranean, carried Crusaders to

New York Times Service

AMALFI, Italy — This is a town that thrives on nature's blessings, especially

Overall, Italians are marrying less and divorcing more, but in Amalfi, where a rugged shore embraces a tame Mediterranean, young men and women go to the altar a lot, often enough, in fact, to create traffic jams on shimmering weekend mornings. And when they wed, they do it

very unromantic project, like trying to

explain why the steep mountains cascad-

ing to the sea here seem delicate, almost

floral. But people say there are good

learned by figuring it out.

Amalfi's trio of Colavolpe brothers

"Enzo does all the promoting so Don Luigi and I do all the hard work," said the Reverend Andrea Colavolpe, pastor

tional honorific used with priests' names, and his younger brother, the Reverend Luigi Colavolpe, perform about 180 marriages a year in the cathedral alone. The other brother, Enzo, is a former

ange blossoms for garlands." Amalfi, with a population of 6,000, has

a long tradition as a wedding place for people of the surrounding region, espe-cially from Naples, 65 kilometers (40 miles) to the north. But it is increasingly drawing people from all over southern Italy, and as the wedding season draws to a close. Enzo expects 1988 will break records, with more than 350 marriages

The setting is certainly suggestive. On a tiny bay at the foot of limestone cliffs. Amalfi is a whitewashed jumble of little houses and old churches decorated with arabesque arches, bright porcelain tiles and flowers everywhere. In addition, it

Just as they are buying bigger cars and vacation homes, they are also putting on

create an impression. the Levant in its galleys and supposedly "It used to be that serving two pastas was enough to make a 'bella figura,' "

produced the first compasses for marisaid the headwaiter in a hotel dining But young lovers also seek bliss in room specializing in the marriage trade. Amalfi because Italians, who used to be Making a "bella figura," cutting a fine figure, looking good, is important in every aspect of Italian life, but it is a matter some of the world's most frugal savers. are spending more of their money on material pleasures in a way that was unof doctrine when it comes to weddings. common even 20 years ago. "Now, I counsel people to serve three pastas if they don't want gossip," he

> Andrea said. "Of course, I tell them about the sanctity of marriage, but more

and more I find myself struggling to limit

See SOVIET, Page 4

Yen 124.575 6 072

Page 2.

Trying to explain why Amalfi is the wedding capital of Italy might seem a

seem experts on the subject.

of St. Andrew's Cathedral. Don Andrea, who cherishes the tradi-

mayor who promotes tourism, matrimonial and otherwise. "Couples flock to Amalfi because it is the most beautiful place in the world," said Enzo, with no pretense to objectiv-

ity, adding. "We also have an exceptional

performed.

offers noble history. In medieval times, the Maritime Re-

As memories of tumult and war fade into older generations, younger Italians especially are getting down to serious enjoyment of a prosperity that has in-creased steadily through the 1980s.

ever-bigger weddings. And transporting dozens of friends and relatives hundreds

"I insist on meeting a couple and having a talk before I will marry them," Don

See AMALFI, Page 5

Chad Warily Tries Détente With Powerful 'Libyan Brothers'

By James Brooke New York Times Service
NDJAMENA, Chad — Workers recently removed the pink and blue billboards proclaiming that "Chad will be the tomb of Libyan imperialism."

About the same time, booksellers removed from their shelves the manifestos of a Libyan guerilla group dedicated to top-pling Colonel Moammar Gadhafi, the Lib-yan leader.

And last month the government in-structed Chadian news organizations to government-owned weekly Al Watan, said wistfully. "Now we call them Libyan

A year after expelling Libyan troops from most of northern Chad, Chadians are warily trying détente with their powerful northern neighbor.

Compiled by Our Staff From Dispatches

Afghan Army has begun firing Soviet-made Scud missiles from Ka-

iplomats said here Thursday.
At least three Scud-B missiles

Wednesday at rebel targets 150

kilometers (90 miles) away in the eastern frontier province of Nangarhar, the diplomats told Agence

The Soviet news agency Tass

reported that Soviet-Afghan

forces fired a "powerful missile" at a rebei base in Nangarhar near

Pakistani government spokes-men, meanwhile, said that a Paki-

stani F-16 had shot down an Af-

ghan MiG-23 several kilometers inside northwest Pakistan.

The spokesmen said that the pi-

lot had been captured, but that they did not know whether he was

Afghan or Soviet. Washington complained this

week about the introduction of the

Scud missile and other advanced

aircraft and weapons into Afghan-

the border with Pakistan.

France-Presse

were fired from Kabul on ters.

KABUL, Afghanistan - The

in 1982 "I feel as though I'm in my own house." the head of the new Libyan delegation,

Chadians would find unfortunate. Indeed, despite the surface relaxation of tensions, little progress has been made toward resolving the source of the conflict: President Hissène Habré warned last

week, "What we want is to settle once and for all this dispute." Mr. Habré was speaking at a farewell

ties: Libya, a Mediterranean nation with Africa's highest per capita income, and Chad, a largely desert nation with one of Africa's lowest per capita incomes.

In 1987, by carefully husbanding military supplies provided by France and the United States, Mr. Habré drove most of the Libyan troops out of the northern half of Chad. When a cease-fire was declared in September of last year, Libyans controlled only Aczou village, a nearby agricultural project and a military base straddling the

In April, Colonel Gadhafi announced three conditions for recognizing Mr. Habré's government: a repatriation of all Libyan prisoners, the departure of 1,700 French troops stationed in Chad and the recognition of Libyan sovereignty over the

rrange a settlement.

and the French troops are still here. A allow visits by the International Committee on Oct. 3 re-establishing related of the Red Cross. This tactic seems tions said that Chad and Libya were prom- intended to maximize anxiety in Libya and ising "to resolve their territorial dispute by

pacific means." To maintain a strong hand in future talks, Mr. Habré shows no interest in giv-

Last month a French cabinet minister diminished "in the coming months." The war. The rest were Chadians scooped up Chadian reaction was chilly. A visit here by from the estimated 20,000 who work in the French chief of staff, General Maurice Schmitt, was unexpectedly canceled.

yan prisoners of war, Colonel Gadhafi re- only half want to come home. About 480, peatedly appealed for their release last mostly officers, have joined the group dedi-week, when President Traore visited Tripo-cated to Colonel Gadhafi's overthrow, the

complete list of prisoners, to allow prison- ro; others are still in Chad.

Six months later the Libyan prisoners ers to correspond with their families or to increase pressure for resolution of the border dispute

Colonel Gadhafi has tried to marshal African opinion against Chad on the issue. ing up his best cards: the French troops In September he flew 214 "Chadian prisonand the Libyan prisoners. ers" from Tripoli to Ndjamena. But according to Western diplomats and aid commented that French troops might be workers, only about 40 were prisoners of

When the time comes to return the pris-Regarding the approximately 1,300 Lib-oners, the Libyan leader may discover that National Front for the Salvation of Libya.

The Chadians refuse to make public a Some of these defectors have gone to Cai-

WORLD BRIEFS

Taiwan to Permit Mainland Visitors

TAIPEI (Reuters) - The Taiwan cabinet revised its security law Thursday to allow a small number of Chinese from the mainland to visit

the island for the first time since 1949.

A government statement said mainland Chinese would be allowed to travel to Taiwan to visit members of their immediate families who were seriously ill or to attend their funerals. The revision was made a year after Taiwan relaxed a ban on travel by its own residents to the mainland.

The rule change also permits Chinese who have spent at least four year in non-Communist countries to visit Taiwan for up to a week. Previously Chinese visitors had to have lived abroad for five years and were allowed to stay in Taiwan for only 72 hours.

Malta Sentences Hijacker to 25 Years

VALLETTA, Maita (UPI) — A Palestinian man was given a 25-yea prison sentence Wednesday by a Maltese court for killing an American and an Israeli passenger and wounding five others during the 1985

hijacking of an EgyptAir jetliner. "I see no reason to go below the maximum," Judge Wallace Gulia told Omar Mohammed Ali Rezao, 24, after a two-day trial in a tightly gnarded controom inside a military fortress. The judge deducted the three years

Mr. Rezaq has served pending trial.

Sixty people, including two air pirates, were killed in the hijacking, which began Nov. 24, 1985, on a flight from Athens to Cairo and ended the next day when an Egyptian commando unit stormed the Bosing 737 at Valletta's Luqa Airport. The Abu Nidal Palestinian guerrilla organiza-tion claimed responsibility for the hijacking. Mr. Rezaq was the only surviving hijacker.

Iran Rebukes Iraq on Troop Pullout

GENEVA (AP) - Iran accused Iraq on Thursday of using humanitarian issues to delay withdrawing its troops from Iranian territory. During peace talks between the two countries mediated by the United Nations, iran said all war prisoners could have been repatriated by next week if lraq had cooperated.

The Iranian foreign minister, Ali Akbar Velayati, was reacting to Iraqi allegations that Iran was delaying the exchange of prisoners of war. Iran has offered to release its more than 30,000 prisoners if Iran does the same. Iran, refusing to accept an immediate exchange of prisoners, said it already had agreed in principle to a UN proposal linking the exchange of prisoners to military disengagement.

China and India Adopt Frontier Pact

NEW DELHI (AFP) - China and India have agreed to maintain peace on their disputed border until they work out a permanent settlement, the Indian external affairs minister, P.V. Narasimha Rao, said in Parliament on Thursday.

The two countries, whose predominantly cool relations since a 1962 border war have shown signs of thaw in recent months, have agreed to maintain "peace and tranquility" on the frontier until a "lasting peaceful and mutually acceptable" solution is reached, Mr. Rao said. China claims 90,000 square kilometers (34,000 square miles) of Indian territory, while India says China occupies about 38,000 square kilometers of its land. In the winter of 1986-87, the two countries traded accusations

Vietnam Releases 23 MIA Remains

of border intrusions.

BANGKOK (UPI) - Vietnam turned over to U.S. officials Thursday. 23 sets of remains believed to be those of servicemen listed as miss during the Vietnam War, an American spokesman said. At the same time, joint U.S.-Vietnamese teams completed the second 10-day investigation aimed at resolving high-priority "discrepancy cases" in which there is evidence that soldiers might have been captured alive.

Major Dan Trout, a spokesman for the U.S. Pacific Command, said

that 21 of the remains had been discovered during unitateral searches by Vietnamese officials and that the other two had been found during the first joint U.S.-Vietnamese search from Sept. 25 to Oct. 5. A Vietnamese Embassy spokesman in Bangkok said that not all the remains had been definitely identified as Americans but that they had been turned over for investigation at the U.S. Central Identification Laboratory in Hawaii.

Major Trout said that the results of the second joint search, intended to

resolve high-priority cases among the 1,751 missing Americans, were still being analyzed. Other sources, who asked not to be identified, said that the second search teams had not retrieved any remains.

Mozambique Rebels Kill 8 on Train

MAPUTO, Mozambique (Renters) — Guerrillas of the Mozambican National Resistance Movement killed eight persons and injured 38 on Tuesday in an attack on a passenger train about 50 kilometers (30 miles) northwest of Maputo, the official news agency AIM said.

A railroad worker was quoted by the agency as saying that the train had Many old-guard guerrilla chiefs detonated a mine and derailed before guerrillas opened fire passengers, mostly workers returning from jobs in South Africa. detonated a mine and derailed before guerfillas opened fire or

TRAVEL UPDATE

Europeans Urged to Spread Holidays BRUSSELS (AP) — The European Commission issued proposals

Thursday designed to encourage Europeans to spread their vacations out over the whole year.

At the same time, it asked the EC states to enact laws to ban overbooking on planes, trains and ferries and in hotels during the holiday

It said its proposals should help small businesses in the tourist sector face up to greater competition by the end of 1992, when the 12-nation bloc hopes to have dismantled all internal trade barriers. The proposals are also designed to defuse congestion problems in airports, on trains and on the roads during the traditional vacation months of July and August.

Ground personnel of the Belgian shiine Sabena disrupted schedules in Brussels and blocked airport access roads for several hours Wednesday. They were to continue their strike Thursday for higher pay.

Clarification

A New York Times article about cholesterol testing in children published in the Oct. 27 editions of the IHT, cited a study at the University of Cincinnati College of Medicine indicating that a restrictedcholesterol diet did not impair children's growth. Other studies, too, have suggested that such a diet does not harm children; they should have been cited in preference to the Cincinnati study, which was published in August 1986 in the journal Pediatrics. The Cincinnati study was repudiated in July 1987 by the National Institutes of Health, which asserted that the research had violated scientific standards.

As Costs Soar, Sweden: May Kill New Warplane

STOCKHOLM — Sweden said Thursday that it was considering scrapping its most ambitious and expensive military project, a technologically advanced warplane, because costs were rising too high. A Defense Ministry spokesman,

Nils Gunnar Billinger, said the military had been forced to reconsider the project's future because the consortium building the plane had recently submitted a bill that went well above previous estimates.

"We have to look at the whole thing again, because the price tag we have been presented with goes

have been taken from the same The plane, the JAS-39 Gripen, was originally budgeted at 40.8 billion kronor (\$6.6 billion). It is a three-in-one fighter, bomber and

> at the Stockholm International Peace Research Institute, said drastic implications for Sweden's up with the rising price of modern struggling defense industry and its military technology. stance of armed neutrality.

"They are facing the choice of

work on the plane's 40 separate computer systems had forced costs above earlier estimates. Mr. Billinger said the govern-

The Gripen is being built by a

ment's contract with the manufacturer was in two parts. Development and delivery of the first 30 planes was negotiated on a fixed price contract of 24.9 billion kronor, he said. Delivery of a subsequent 110 aircraft was negotiated on a flexible contract with a price ceiling of 15.9 billion kronor.

It is this latter part of the contract that the consortium wants to cuegotiate, Mr. Billinger said. Mr. Karp said that Sweden was discovering, as Israel did with info failed Lavi lighter plane project, scrapping the project would have that small countries could not keep

"They are trying to produce to-morrow's fighter at yesterday's

Taken States

Last weekend the two nations exchanged ambassadors for the first time since a Libyan-backed government lost power in Chad that the OAU would increase its efforts to arrange a settlement.

The dispute involves two unequal par-

Gaith Salem Nasser, said Monday.
"Libya and Chad are one country," he added, in a good-will formula that many

soften their language in referring to Libya.

"We can't call them circus clowns anymore," Fackir Kanassawa, editor of the

cereationy for Mali's president, Moussa Traore, who is acting chairman of the Organization of African Unity and who said

Soviet Missiles Fired From Kabul

bul at guerrilla bases. Western diplomats said here Thursday.

the withdrawal of Soviet troops

that intervened in Afghanistan in

a maximum range of 180 kilome-

The missiles are the same type that Iraq used against Iran earlier this year, the diplomats said.

said the Afghan Defense Ministry

had announced that it would ac-

quire more such missiles to intensi-

have spurned a national reconcilia-

of their troops leave the country

under a UN-sponsored agreement signed in April.

Agence France-Presse that the

Scuds had been sent to Afghani-

stan to give the Afghan forces an edge over the rebels, who are

One Western diplomat told

Western and Eastern diplomats

The diplomats in Kabul said

At Guerrilla Bases Near Pakistan According to diplomatic sources, rockets launched by the rebels in September killed about

300 people and injured more than Those attacks prompted counteroffensives by the Afghan Air Force and Army.

Meanwhile, rebels took control late Wednesday of the strategic Afghan border post of Torkham at the Khyber Pass after two days of

Forces from at least three of the rebels' political groups, which are based in Pakistan, said they took

fy the war against the rebels, who part in the fighting. Torkham is at the foot of the tion proposal from the Afghan leader, Major General Najib. Khyber Pass, which leads from Afghanistan into the Northwest Frontier Province of Pakistan and The Soviets are believed to be is an important overland route to trying to stabilize the situation in Afghanistan before the remainder

During the war, Pakistan has allowed nonmilitary goods to pass through its territory en route to

Guerrillas said Thursday that some posts in eastern Nangarhar province remained under the con-trol of the Afghan Army, but that rebels controlled about 40 kilometers of the road between Torkham and the besieged city of Jalalabad

The Pakistani side of the Khyber Pass remained closed to all but commercial and local traffic.

Reporters who tried to drive the 58-kilometer route to Torkham on Thursday were turned back by Pakistani police.



WALDHEIM PROTEST IN ISTANBUL — Rabbi Avi Weiss of New York, left, and a student, Solomon Ejjashev, raising protest banners above a police barricade during the visit Thursday of President Kurt Waldheim of Austria. Some American Jews accuse Mr. Waldheim of being a war criminal. Turkish officials said his visit was a "stopover" on the way home from the Mideast.

Tell the taxi driver "Sank Roo Doe Noo" to cast your vote at HARRY'S STRAW VOTE @ 5, Rue Daunou, Paris.

It suggested that the move was armed with U.S.-made Stinger

in violation of Geneva accords on anti-aircraft missiles.

Herald Eribunc With Classest, a Teste of Western-Style Druma Reaches TV



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Algerians Vote on Liberalization Moves

By Edward Cody

PARIS — Algerians voted in large numbers Thursday on a package of political changes offered by President Chadli Bendjedid in response to anti-government riots

Although the proposed revisions were minor, the referendum Thursday constituted a request for endorsement of Colonel Bendiedid's effort to loosen controls of the state-run economy and the oneparty political monopoly main-tained by the National Liberation Front since Algeria gained its inde-pendence from France in 1962.

Demands for political change have increased dramatically since over economic mismanagement, National Popular Assembly, or corruption and political stultifica-parliament. The prime minister has

giers and other cities, although unofficial counts rose above 200, and some went as high as 500.

About 12 million of Algeria's 23 million inhabitants were eligible to vote in the referendum. In the country's new political climate, they were expected to vote overwhelmingly in favor of the president's proposals for constitu-tional amendments seeking to edge

control The main amendment would make the prime minister responsithe weeklong riots broke out Oct. 4 ble for the first time before the

the government away from party

didates to the 261-member asser bly, the amendment was expected to have little effect on day-to-day government decisions in the imme-diate future. But it was considered important as a symbol of Colonel Bendjedid's effort to open Algerian political horizons beyond the National Liberation Front's leader-

ship. Colonel Bendjedid has sched-uled a National Liberation Front congress Nov. 27 and 28 to consider a second package of political

He has promised that these proposals, once the party approves them, will also be put to a vote in a

Government officials said that 176 people had been killed in Algiers and other cities although un-Since the front appoints all can- Liberation Front leaders.

Marxist-oriented economics and one-party politics that were employed to run Algeria for a genera-tion but have suddenly been called into question. The president himself a former

officer, heads the party and the army. But his opponents also hold positions in the party secretariat, government and army, diplomats

Because of tight secrecy among the former guernila leaders, however, little is known about the relative strengths of Colonel Bendjedid's allies and his foes, they added.

Thatcher Urges Jaruzelski to Accept UN Report Free Trade Unions and Freedoms Assails Iran

By Jackson Diehl

WARSAW - Prime Minister Margaret Thatcher of Britain eral Wojciech Jaruzelski, on Thursday to accept free trade unions and greater personal freedoms, saying they were indispensable to the economic transforma-

Turning to General Jaruzelski at a state banquet here, Mrs. Thatcher a caknowledged his plans for of all sections of society, including changing Poland's economy, then Solidarity.' bluntly advised him:

"You will only achieve higher growth, only release enterprise, only spur people to greater effort, only obtain their full-hearted commitment to reform, when people have the dignity and enjoyment of personal and political liberty, when

MICHEL SWISS TAX-FREE

EXPORT PRICES



they have the freedom of expression, freedom of association, and the right to form free and independeat trade unions."

The statement, on the second day of Mrs. Thatcher's visit, appeared to bolster the banned Solidarity trade union as a promised dialogue between the government and the union on its relegalization has broken down.

Mrs. Thatcher said it was vital for the party leadership to have "a Earlier, she was cheered by thou-

sands of onlookers as she toured a

market in Warsaw and visited the

grave of a pro-Solidarity priest killed by security forces. In an effort to appear open to continued negotiations with Soli-darity during Mrs. Thatcher's visit, Interior Minister Czeslaw Kiszczak on Thursday renewed an invitation

to the Solidarity leader, Lech Walesa, to attend a fourth meeting But Mr. Walesa, who had al-

rejected the idea several times in 10 days, said only that he spect for Mrs. Thatcher.



Send detailed resume for free evaluation. PACIFIC WESTERN UNIVERSITY Both Solidarity and the govern-ment are seeking to use the visit, the first by a British prime minister to Poland, to justify their political stands as Poland heads toward a new round of conflict.

British officials had said that Mrs. Thatcher would avoid taking sides in the quarrel or its current focal point: the government's an-nouncement Monday of the closing of the Lenin shippard in Gdansk, where Solidarity was founded in

Thatcher is to have lunch with Mr. Walesa in Gdansk on Friday. She will also lay flowers with him at a Solidarity monument outside the shipyard gate. It will be the first such gesture to the trade union by a Western head of government.
The British leader responded

coolly on Thursday to pleas for economic assistance by Poland's government. And she appeared to resist aggressive efforts by General aimed at eliminating obstacles to a Jaruzelski to win her endorsement proposed "roundtable" of talks involving the government and oppoconomic policies. Jaruzelski to win her endorsement economic policies.

Instead, in a meeting with Prime Minister Mieczysław Rakowski, British officials said, she criticized the lack of free prices or other ecowould delay his answer out of re-nomic incentives in the Polish economy and ignored an appeal for belp on the country's \$39-billion foreign debt.

> Mrs. Thatcher was cheered by a crowd of several thousand when she arrived at the St. Stanislaw Kostka church in northern Warsaw to lay flowers at the grave of the Reverend Jerzy Popieluszko, a pro-Solidarity priest who was murdered by the security forces in 1984. The festive crowd chanted "We

On Rights

UNITED NATIONS, New York — A UN report says that serious human rights violations have continued in Iran, including a wave of executions of political pris-oners in July, August and Septem-ber after Tehran accepted a ceasefire in the war with Iraq.

The author of the report, Reynaldo Galindo Pohl of El Salvador, dently will be viewed as support for Solidarity. In addition, Mrs. Thatcher is to have brook of the Unique Sainto Pohl of El Saivador, the special representative for Iran of the UN Commission on Human Rights, said his findings. port was made public Wednesday. He called on the Iranian authorities "to redress abuses and prevent

> The report said there had been a wave of executions" in Iran over the summer, largely of "members of various opposition groups," in-cluding the Mujahidin Khalq and its military arm, the National Liberation Army, which has been fighting from bases in Iraq.

their recurrence.

The report said 200 supporters of Mujahidin Khalq were believed to have been killed in Evin Prison in Tehran on July 28. The bodies of 860 other executed litical prisoners were reported to

tery from Aug. 14 to 16. Numerous executions of other government opponents occurred iring the summer, the report add-The report expressed concern

about allegations of beatings and

torture in Iranian prisons and of

prison to the Behesht Zahra ceme-

prisoners being prevented from defending themselves at their trials. It said that Iranian prisons did love Thatcher," in English, and "Solidarity" in Polish as the prime not provide sufficient food or medical treatment and that conditions

were unsanitary,

reliant on the Western alliance," he said in an interview.

consortium of four companies led by the plane and automobile manufacturer Saab-Scania AB. The head of the consorting.
Harald Schroder, said development

well above the previous ceiling that had been set," he said. He declined to say by how much.

reconnaissance aircraft. Aaron Karp, an arms researcher

maintaining their independent airprices," he said, "and it won't
craft industry or becoming heavily work."

THE HUSTINGS

Many Still Undecided, Dukakis Says

PHILADELPHIA (UPI) — Michael S. Dukakis on Thursday played down the importance of polls showing him trailing George Bush across the country, saying that just five days before the election 25 to 30 percent

In an interview on CBS-TV the Democratic nominee said: "I think the

big states are the ones we're either tied in or are now beginning to move

ahead. But there are small states, as well, that I think are beginning to

Calling himself a marathon runner, Mr. Dukakis said he would be

"driving hard" in the following five days to win the support of undecided Americans. These voters are "looking at us again," he said. "I think they

are turning off to the Republican campaign. We're making significant gains in many states, and this one's going to go down to the wire."

One reason for confidence, Mr. Dukakis said, is that Americans "are

"Mr. Bush, who has been talking about crime and being tough on law

enforcement and finally waging a war against drugs, said that he wouldn't

cut off foreign aid to countries that continued to produce this stuff and send it into the country and poison are kids and destroy neighborhoods," he said. "I'll cut off aid to countries that refuse to cooperate with us. That's a fundamental difference between us."

Democrat Fading in California Race

SAN FRANCISCO (WP) - Three months ago in the pivotal race for a

U.S. Senate seat from California, Lieutenant Governor Leo McCarthy

was running a warm, homey campaign, and the Democrat seemed to have a chance. "A senator for us," his commercials said.

image in California. And none of the five senators preceding him had lasted more than one six-year term in the demanding state. The Demo-

But now, Mr. McCarthy's dogged enthusiasm seems little more than a brave front. The latest Los Angeles Times poll gives Mr. Wilson a lead of

43 percent to 26 percent, with only an unusually large undecided faction

Mr. McCarthy has failed to tarnish Mr. Wilson's reputation as an

environmentalist and is having to defend his refusal to release some

income tax returns. Mr. Wilson's fellow Yale alumnus, Mr. Bush, is

Mr. Wilson has been attentive to business, particularly aerospace and

agriculture, and he expects to spend \$13 million to Mr. McCarthy's \$9

million. In addition, his recent endorsement by 100 fire chiefs is only one

of a chorus of hurrahs from public-safety officials in a state where fear of

slightly ahead of Mr. Dukakis here in a race now rated as a toss-up.

His Republican opponent, Senator Pete Wilson, had not built a strong

finally beginning to see that there are important differences" between himself and Mr. Bush. He cited Mr. Bush's stance on the war against

of voters had not yet made up their minds.

drugs as one difference between the candidates.

cratic presidential ticket was leading in the polls.

of 30 percent giving the Democrats much hope.

of Chinese from the mainly

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UPDATE

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Goals of U.S. Panel on Deficit Mainland Visite Shaken by Partisan Quarrels of Chinese from the Partisan Partisan Quarrels

Washington Post Service

... WASHINGTON - The National Economic Commission, once hailed as the last best hope for curbing the loderal budget deficit, is beset by growing troubles. Members of the high-level advisory panel are quarrel-ing openly over spending and tax issues.

If Vice President George Bush, the Republican presi-

dential candidate, wins the election, he appears likely to give the panel short shrift.

And the commission probably will stage a strategic retreat by postponing the delivery of its recommendations several months after the scheduled Dec. 21 date. These developments raise questions about the comnission's role in the future.

After the bipartisan panel was created by Congress in December, many leading politicians and Wall Street analysts predicted it would provide a solution to the deficit after the election by devising a package of spending cuts and tax increases that would be acceptable to the White House and Congress.

In effect, the commission was intended to mobilize political support for the measures that both presidential eandidates — and most congressional incumbents and challengers — have been afraid to discuss during the campagn.

Though critics on the left and the right saw the panel

as an anti-democratic consoiracy to impose austerity on the American people, supporters in the political center saw it as an essential mechanism for curbing the na-

tion's fiscal profligacy.

But now, expectations for the commission are "dimming day by day," said Susan C. Simon, a first vice president in the Washington office of Shearson Lehman

Peter Davis, a vice present Bache Securities, 1800 prisoners of prison Peter Davis, a vice president in the Washington research office of Prudential Bache Securities, agreed.

Robert Strauss, the Democratic co-chairman of the commission, recently told a group of New York business leaders that the most support he could hope to have for any deficit-reduction program would probably be "eight or nine votes out of the current 12 members," according to the spokesman for the panel, James Hildreth.

"I think that's very optimistic," said Felix Rohatyn, a New York investment banker who also is a member of

Such pessimism stems from the public and private statements of some members. The commission has tried to maintain a low profile during the campaign and has held only "educational" meetings, rather than decision-making sessions. But sharp divisions have surfaced.

an opponent to any recommendation for a tax increase. He recently said that he was "concerned there may be a a much later date, commission sources said.

commission bias toward tax increases to paper over the basic budget and spending problems."

Two former defense secretaries who sit on the commission, Caspar W. Weinberger and Donald Rumsfeld. also have it made clear that they favor considerably faster growth in military spending than Congress has allowed. They also are opposed to higher taxes.

At a commission hearing Tuesday on defense issues, both said that Pentagon expenditures must be considered solely in light of the Soviet threat and be separate from the deficit issue.

One of the Democratic members. Lane Kirkland.

president of the AFL-CIO, is likely to prove as resistant to recommending savings in Social Security and Medi-care as Mr. Weinberger and Mr. Rumsfeld are to considering cuts in defense, commission sources say.

As a result, Mr. Strauss and the commission's Repub-

lican co-chairman, former Transportation Secretary Drew Lewis, will probably find themselves trying to put together a majority from a core of moderate members. These panelists include Mr. Rohatyn; Senator Pete V. Domenici, Republican of New Mexico; Lee Jacocca, chairman of Chrysler Corp.; Senator Daniel Patrick Moynihan, Democrat of New York, Representative William H. Gray 3d, Democrat of Pennsylvania, and Representative Bill Frenzel, Republican of Minnesota. Some observers predict that Mr. Strauss and Mr.

Lewis will eventually succeed because of the embarrassment that members would feel if the commission did not produce a majority report. But if Mr. Bush wins the election, the task facing Mr.

Strauss and Mr. Lewis may be made more difficult. Throughout the campaign, Mr. Bush has said he would listen to the commission's recommendations, but he also has warned that if he wins, it will send a signal to the panel to eschew any tax increases.

Sources close to the Bush campaign say that the vice president privately derides the group as a "tax increase

Governor Michael S. Dukakis, the Democratic presidential candidate, also has taken some swipes at the commission, warning that it should not contemplate any cuts in Social Security or other similar programs. But Mr. Dukakis is widely believed to be much more likely to accept the panel's recommendations if he is

Earlier this year, the commissioners decided to issue their initial report on Dec. 21. They said that they believed their work would be "more useful" if their recommendations were available before the next administration took office, according to a document released

One panelist, Dean Kleckner, president of the American Farm Bureau Federation, has established himself as and Mr. Bush's commanding lead in the opinion polls, that deadline is almost certain to be scrapped in favor of



ment over to U.S. official It. Ad on Crime Disavowed by Bush, but Hurts Dukakis Anyway asset of servicemen listed service. Ad on Crime Disavowed by Bush, but Hurts Dukakis Anyway

By Stephen Engelberg and Richard L. Berke New York Times Service

WASHINGTON - The political commercial that raised some of ta Sept. 25 to Oct 5. Ale the strongest doubts about Governor Michael S. Dukakis's record on crime seems certain to win a place in the annals of campaign advertis-

who, after escaping while on a group that sponsored the advertise-ment, are declaring that they have

setts prison, raped a Maryland woman and stabbed her fiancé.

Although disavowed by the camaign of Vice President George Bush, the commercial is the work of an advertising team with longstanding ties to the Republican

It was filmed by a former employee of Roger Ailes, the Bush The commercial appeared nationally on cable television for 28 days this fall. It featured a police photograph of a glowering Willie Horton, a convicted murderer,

the tacit support of senior officials in the Bush campaign.

independent political committees can have a major impact on a national campaign and provide a vehicle for carrying out attacks with which a campaign organization cannot be associated.

Senior Bush campaign officials have used strong language to disclaim any connection to the National Security Political Action Committee, which raised some of its money with mailings sent out under the banner of "Americans

"Despite a life sentence, Horton received 10 weekend passes from prison," the announces says. "Horton fled, kidnapped a young couple, stabbing the man and repeat-edly raping his girlfriend." As the

The last photo is of Mr. Dukakis. The announcer says: "Weekend

The general counsel to the Bush letter and that it had been written biggest spender among independent campaign, Jan W. Baran, has called by an intern, who, the spokesman dent political organizations. Federthe group "bloodsuckers," while Mr. Ailes has said of such independent expenditure groups, "I hate

As for the vice president himself a May 4 letter that the campaign sent to the committee says the candidate "does not endorse nor approve of your activities."

The committee's principals say they have complied with federal election law, which bars independent organizations from coordinating their spending activities with presidential campaigns, but they argue that the Bush camp protests too much.

toward their activities.

A spokesman for the senator said that he knew nothing about the

Mr. Bush holding a 3-year-old girl as her brother waved the flag in Grand Rapids, Michigan.

The group's activities show how

by an intern, who, the spokesman dent political organizations. Federsaid, signed it with an automatic al records show that it has sent

committee's founder, said in an interview Wednesday that she be- committee, in devising the Horton lieved the letter was genuine. "Offi- commercial, received any direction cially." she said, "the campaign has from the Bush campaign.
to disavow themselves from me. Democrats have asserted that the Unofficially, I hear that they're commercial has racist overtones. thrilled about what we're doing."

In the past two years, Ms. Fe-

diay's committee has become the black

partly because it includes the pho-

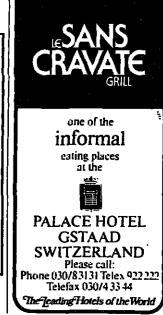
tograph of Mr. Horton, who is

\$7.032 million in behalf of Mr. But Elizabeth I. Fediay, 34, the ommittee's founder, said in an in-Brochure 141 Water Street onington, CT 06378, U.S.A. Catalogue

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crime governs many votes.



Candidates and Crime in a 30-Second Film

WASHINGTON — "Weekend Passes" is the title of the 30-second advertisement about William Hor-

As side-by-side photographs of Vice President George Bush and Governor Michael S. Dukakis flash Bush and Dukakis on crime."

Flash to a picture of Mr. Bush. "Bush supports the death penal-...ty for first-degree murderers."

"Dukakis not only opposes the death penalty, he allowed first-degree murderers to have weekend passes from prison."

Mr. Horton. "One was Willie Horton, who

and-white photograph of the convict, looking like he is being arrested by a police officer.

Flash to a mugshot of a glaring

murdered a boy in a robbery, stabbing him 19 times." Flash to another blurred black-

announcer gives these details, the words "kidnapping," "stabbing" and "raping" flash on the screen.

cades of racial strife.

white people and Harold Washing-

prison passes. Dukakis on crime."

They say an Oct. 22 letter of praise over the signature of Mr. Bush's running mate, Senator Dan Quayle, is evidence of what they call the campaign's true sentiments

In the letter, Mr. Quayle offered thanks for a copy of another video-taped attack on Mr. Dukakis that was financed by the committee, and called its efforts "a source of real encouragement as well as a great boon to our efforts."

In U.S. Cities, Race Realigns the Parties

By Thomas B. Edsail Washington Past Service
CHICAGO — In metropolitan areas of the United States, the balance of political power is shifting as Democrats face a steady erosion of support in suburbs and white

neighborhoods to the Republicans. Blacks have ascended to power if central cities with stagnant or declining populations, while white and increasingly Republican suburbs are booming.

In Chicago, the interplay among racial tension, crime and the deing fortunes of the once-domidant Democratic organization illustrates the phenomenon that politicians have begun calling "rings" or "collars" of white areas around heavily black and Hispanic

The result has been the creation of working-class Republicans among whites who once were Dem-

ocratic stalwarts. The erosion of Democratic support is evident in many of the suburbs and white neighborhoods of cities now controlled by black majorities: from Philadelphia's northeast districts and river wards, to Detroit's Macomb County and Birminghmam's Hueytown.

In the South, the affluent, pre-

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dergone a sweeping political realignment since 1960.

In Louisiana, Jefferson and St. Tammany parishes outside New Orleans grew from a combined population of nearly 250,000 in 1960 to 565,461 in 1980, and have grown further since. Those parishes

NEWS ANALYSIS gave the Democratic ticket a mar-

gin of 17,233 votes in 1960, but favored the Republicans by 111,759 in 1984. In the suburbs of Atlanta, Cobb and Gwinnett counties tripled in population since 1960 to 464,621 in 1980. They gave the Democrats a

8,809-vote margin in 1960, the Republicans a 109,625-vote advanage in 1984. The political split between blacks and whites is most sharply reflected in national surveys on issues about the role of government

in rectifying racial problems.

In an analysis of National Election Studies data, Donald R. Kinder and Lynn M. Sanders of the University of Michigan found what Mr. Kinder described as a pervasive view among whites that "blacks don't really try, that if they tried, they would do as well as

"The gender gap is negligible dominantly white suburbs have un- compared to the racial gap," Mr.

are chasms, not just differences." Nowhere is the impact of race and his machine as defenders of more apparent than in southwest their values and interests." and northwest Chicago, a city that

has experienced more than two de-Michael Caccitolo, a former Democrat who is now the Republican committeeman of the 23d ward, said: "The big turning point wards like the 23d. William Julius Wilson, a Univerwas in 1983, when the Democratic machine split the vote between the

ton came to power. When that happened, a lot of people felt they were betrayed by the Democratic orga-Mr. Washington, Chicago's first black mayor, died last year. The creation of Republicans from working-class whites followed the collapse of the political machine of the late Mayor Richard J.

Paul Kleppner, director of the Social Science Research Institute at Northern Illinois University, wrote

white wards on its outskirts.

Daley. In the 1960s and 1970s, the

base of the Daley political machine

shifted from the center city to the

in his book "Chicago Divided" that "white ethnic voters saw the mayor

Within a few years after Mr. Daley's death, the machine could no longer deliver to white voters. Mr. Washington's election in 1983 broke the ties between City Hall and the northwest and southwest

sity of Chicago sociologist, said that there was "a general feeling among a certain segment of the white population that the government in general and Democrats in particular have forgotten about the white working class."

In Chicago, the significance of race is inescapable. During the past year, a central goal animating an alliance of generally white community organizations has been to win passage of a state "Home Equity Assurance Act," to guarantee that homeowners' property values will not fall below current market values. Many residents fear that expansion of the black community will lower their property values.





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LONDON, NOVEMBER 10, 1988

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with the rising to the itary technology. They are trying to the rrow's fighter at the risk he said.

Venice Inaugurates First Tide Barrier

Venice inaugurated its first mechanical tide barrier Thursday in a project aimed at blocking the frequent floods that have afflicted the low-lying lagoon city for centuries. A prototype barrier was placed in the Treporti channel near the Lido, one of the three natural gates that separate the lagoon from the Adriatic Sea.

The steel barrier, 32 meters (104 feet) wide and weighing 1,100 tous, is called Mose (Italian for Moses), the Italian initials for Experimental Electromechanical Modular. It is attached to four cylinders 20 meters long. When high tides threatca the city, compressed air will raise the cylinders and the barrier, drawbridge-style, to block the water. At normal water level, the barrier and cylinders lie horizontally on the seabed, posing no threat to navigation.

If the barrier works, 80 of them will be placed at the three gates of the lagoon by 1995.

Politicians Criticize **Bonn Refugee Laws**

The dramatic surge in the influx of political refugees and eth-nic Germans into West Germany has prompted leading West Ger-man conservative politicians to question the constitution's guar-antee of asylum for the political-

ly persecuted. Lothar Spath, the Christian Democratic premier of Baden-Württemberg, said there was currently "no political persecution" in such East European countries as Poland, Hungary and Yugoslavia. He presume that migrants from these countries came to West Germany for "economic reasons," and he said they should be turned back at the border. Friedrich Zimmermann, the interior minister, who is a member of the conservative Christian Social Union, backed Mr. Spath's views. But Social Democratic and Liberal politicians rejected any change in the

asylum law.
The debate was touched off by Oskar Lafontaine, the Social Democratic premier of Saarland. Last month he criticized the gov-ernment for receiving "ethnic Germans of the fourth and fifth generation" with open arms while rejecting Third World anplicants from countries like Sri Lanka "whose very existence" was threatened.

Over 200,000 ethnic Germans are expected to settle in West Germany this year as well as more than 100,000 would-be political refugees. Only about 10 percent of applications for political asylum are approved, but East Europeans, who make up about 40 percent of those seeking refuge, are given automatic right of settlement.

Around Europe

French cuisine will return to space next month when Jean-Loup Chrétien takes off for his second space voyage, this time on the French-Soviet mission Aragatz, which will dock with the Soviet manned space station Mir. Mr. Chrétien and his two Soviet colleagues will carry 23 different dishes, including boeuf bourguignon and pigeon stew, created by two French chefs and 11 French food distribution companies. The cosmonauts will eat four French meals during the mission, which is scheduled to last from Nov. 26 to Dec. 21, a spokesman for the National Center for Space Studies in Tou-

Madrid is to house Spain's first ermanent exhibition center for stolen goods. The purpose of the center, nicknamed "The Thief's Museum" by the Madrid daily El Pais, is to help citizens identify and recover possessions stolen from them in burglaries, muggings, car thefts and the like. Jus-tice Ministry figures showed that only 4,338 of about 45,000 stolen items recovered by police in 1987 were returned to their legitimate

The inhabitants of Reykjavik have voted against allowing dogs in the Icelandic capital, thus putting an end to a four-year old ownership. The results of a weeklong referendum that ended on Sunday showed a two-thirds majority against, although only 12.8 percent of Reykjavik's electorate

The historic rule book of Cambridge University is to be rewritin gender-free terms. The British university's dons heads, tutors and fellows — have voted, 348 to 260, to end the use of male pronouns to describe members of both sexes in the 1,152-page Statutes and Ordinances. The rule book was translated from the original Latin into English in the 19th century, when there were no women at the university. Women now account for almost half the students at

Sytske Looijen



Prime Minister Yitzhak Shamir and said he would support a Shamir government. So did Rafael Ei-Mr. Shamir, left, during negotiations on a coalition Thursday in Jerusalem with Rafael Eitan, leader of the rightist Tsomet Party.

Rights Group Says Peru Allows Abuses

By Alan Riding New York Times Service RIO DE JANEIRO - An American human rights organization has charged that the civilian government in Peru is tolerating growing human rights abuses by the anned forces in their eight-year-old war against

Maoist guernillas. The New York-based organiza-

(Continued from page 1)

future disputes between them relat-

ing to the immunity of each govern-

The State Department's chief le-gal counsel, Abraham D. Sofaer,

said this week that the talks among

the five permanent Security Coun-

cil members were "proceeding con-

The Soviet official said Moscow

thought the five permanent Securi-ty Council members might consid-

er agreeing to World Court arbitra-

tion in several areas of

international law, including dis-

putes about finance and trade and

in cases relating to international

U.S. legal officials said they were

having second thoughts about

sending disputes over sovereign im-

munity to the World Court because

the American and Soviet starting

points in the discussion appeared

The United States takes a nar-

too far apart.

terrorism and drug trafficking.

ment from judicial action.

Peru over the last five years, said in a best be described as one of resignance report that abuses against civil-tion." ians were concentrated in the Andean region of Ayacucho, where Shin-ing Path guerrillas were most active. Saying there had been "a cascade

of extrajudicial executions, arbitrary arrests, disappearances and torture," the organization commented tion, Americas Watch, which has that the attitude of the government been monitoring human rights in of President Alan Garcia "might

row view of sovereign immunity,

arguing that only strictly govern-mental acts — and not those of

state-owned trading corporations or other official bodies, for exam-

ole — should be immune from judi-

cial review. The Soviet Union, how-

ever, favors a broader definition.

When the World Court was set

up in 1946, the United States ac-

cepted its binding jurisdiction in all cases except those falling within the

jurisdiction of American courts, as

support for the court after Nicara-

gua successfully sued the United States for mining its ports and sid-ing rebels fighting the government,

leaving Britain as the only perma-nent Security Council member

court's general jurisdiction.

which in principle still accepts the

Soviet Union did not.

SOVIET: World Court Decisions

"Impunity for those who wear uniforms continues, and the Peruvi-an public no longer believes that the government has any real intention of pursuing justice," the report said. Americas Watch also condemned

the violence of Shining Path. "It systematically murders defenseless people, places explosives that cause great damage and endanger the lives of innocent bystanders and attacks military targets in rural areas without minimizing the risk to the civil-ian population," it said.

The report was written by Juan E. Mendez, the Washington director of Peru in July, he was prevented by the military authorities from leaving perts since the total number of Shin-the city of Ayacucho to gather addi-tional information.

5.000.

Americas Watch said the govern-ment of former President Fernando Belaúnde Terry "made a conscious decision to abdicate its authority over the military," and ignored pro-tests over human rights.

has gained legitimacy.
The former general argues that In contrast, Mr. García at first moved to punish military officers responsible for human rights violations. But in face of the expansion of guernilla activities, the report said, the government gradually slid from passivity toward military abuses to apparent acquiescence.

The government has said that 10,627 people died in the region from 1980 to 1987, of whom 560 were soldiers or policemen, 3,906 were civilians and 6,161 were "Com-Americas Watch. During a visit to munist terrorists." These figures

COUP: Maldive Islands Attacked

determined by the United States. Forty-three other countries also acvisit India on Tuesday but canceled the trip without giving a reason. cepted the court's jurisdiction The Maldives archipelago is of though usually with important resminor strategic importance, alervations. France, China and the though it is situated about 300 miles (480 kilometers) north of Diego Garcia, the U.S. military But two years ago, the United States withdrew the qualified U.S.

base in the Indian Ocean. Mr. Gayoom, who has followed nonaligned policy since coming to office, has in recent years refused an offer from the Soviet Union to lease its Gan Island, a former British air base, Reuters reported.

Male is 400 miles southwest of the Indian port city of Trivandrum. from where 1,600 paratroopers were to be flown to the islands, the Press Trust of India reported.

The Indian decision appeared partly aimed at asserting New Delhi's grip on the region and at heading off possible moves by other 200,000. The economy relies heavicountries to intervene in behalf of ly on fishing. Mr. Gayoom

Maldivian leader had also asked for assistance from the United

nied rumors that an American aircraft carrier was heading there, Reuters reported.] India has a large military pres-

ence in Sri Lanka, where tens of thousands of troops are battling Trail separatists under the terms of a 1987 agreement between Mr. Gandhi and President Junius R.

Officials in New Delhi and Colombo speculated that political Shamir could have as many as 64 foes of Mr. Gayoom, supported by seats, or a majority of 8 seats, coma wealthy exiled businessman, were behind the assault and that they had hired several hundred mercearies. should be complete by the week-There was no authoritative fig- end, and next week President

ure for the number of mercenaries involved, although Reuters quoted Mr. Shamir the opportunity to be diplomats in Sri Lanka as saying that there were "up to 400."

Mr. Shamir the opportunity to be gin formal coalition negotiations. He then will have three to six weeks Maldives, known for its tourist to complete the task.

beaches, has a population of about

28 Die in Turkish Bus Crash

In Washington, the State Department said Thursday that the United States had taken no action against the coup attempt and design the coupled the c

power for four years. The Labor leader told the heads of other parties at meetings Wednesday and Thursday that he would not join a new national unity government un-

less it adopted his peace plan. was sandwiched between meetings that the prime minister and his ad-

ISRAEL: Shamir Rejects Changes way to advance the interests of the Palestinian population is to come to negotiations," he said.

A Revived Cause:

By Glenn Frankel

Washington Past Service
JERUSALEM — The new right-

ist Israeli government will include among its members a significant

minority that favors some version

of a cause that is gaining increasing popularity among Israeli Jews: the

forced expulsion of some or all of the Arab population of the occu-pied West Bank and Gaza Strip.

One of its advocates is Rehavam

Zeevi, a former military commander of the occupied West Bank,

whose small Moledet or Homeland

Party won two Knesset seats in the

election Tuesday by campaigning on a platform whose slogan asked

Israeli Jews: "Who will go — us or them? The choice is still in your

Mr. Zeevi met Thursday with

tan, a former army chief of staff whose Tzomet Party, which won

two seats, advocates a more limited

euphemism "transfer." It was once taboo in Israeli political circles and

used only by supposed fanatics like Meir Kahane. Rabbi Kahane was

banned from running for parlia-

ment, but the idea he champiaoned

(Continued from page 1)

The interview with Mr. Shamir

visers were holding with the various

small parties that are potential co-

alition partners for a new Likud-

Mr. Shamir said he was "under

constant pressure" because of the lengthy and intricate bargaining

Likud won 39 seats in the 120-

member Knesset, one more than

Labor's 38, according to unofficial

results. If the 7 seats of his rightist

allies and the 18 seats of the four

religious parties were added, Mr.

seats, or a majority of 8 seats, com-pared with 56 seats for Labor and

The final official vote tally

Chaim Herzog is expected to give

means" to smother the 11-month Palestinian uprising in the occu-

pied West Bank and Gaza Strip,

but he refused to provide specifics.

clear message to Palestinians that

"they have to regard as an illusion

an international conference and a Palestinian state." Therefore, they will have to realize that "the only

He said his victory would send a

Mr. Shamir said his new

forging a new government.

led government.

Mr. Zeevi calls expulsion by the

form of expulsion.

hands."

'Transfer' of Arabs

WTODS.

Israel was built upon the principle of expelling the Arabs who lived here first.

settle it," he told a small crowd in

Jerusalem last week. "If transfer is

not ethical, then everything we

have done here for 100 years is

His small Homeland Party may

be the most extreme, but it is not

alone. Eitan's Tzomet believes that

many Israeli Arabs should be reset-.

tled in Libya, and he calls for gov-

ernment steps to compel them to

The rightist Tehrya Party, winner of three seats, calls for "rescribe-

ment" in Arab nations of the esti-

mated 800,000 Palestinian refugees

of the West Bank and Gaza Strip.

Although he himself professes to-

oppose mass expulsion, there are

many members of Prime Minister,

Yitzhak Shamir's own right-of-center Likud who have spoken public-

■ Party Upset With Peres

ering removing Shimon Peres as party leader because of Labors

poor showing in the elections, party sources and published reports said

Thursday, according to The Asso-ciated Press. Five Israeli newspa-

pers and Israel radio said as many

as five ranking leaders in the party thave discussed it.

Labor Party officials are consid-

leave "voluntarily."

ly in favor of it.

We came to conquer land and

Arab leaders, too, will have to realize that "there is no alternative to direct negotiations with Israel, said Mr. Shamir. As for the United States, which has endorsed an in-ternational conference as part of Secretary of State George P. Shultz's regional peace initiative, Mr. Shamir said that Washington's "main target" was the same as his: "to bring the parties to direct nego-

The prime minister dismissed as "exaggerated" the fears of American Jews that the ultra-Orthodox would push Israel further down the road to a Jewish theocracy with

sessions, but he said he did not foresee "any exceptional difficul-ties" that would prevent him from demands for religious purity.
"We know the moods and the worries of the Jewish community in the United States," he said, "and we don't think now to change in

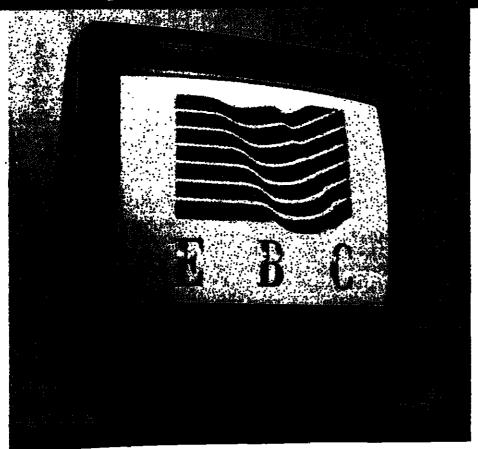
this regard the existing status quo."
High on the list of ultra-Orthodox demands is a stronger commitment from Mr. Shamir to support an amendment to Israel's "law of... return," which guarantees the right of every Jew to emigrate here. The amendment would exclude Jewish converts from the Reform and Conservative movements.

While the number of converts involved is quite small, the amendment has been vigorously opposed by Reform and Conservative Jews as an Orthodox attempt to delegitimize their movements

ment would "take energetic Likud has long supported the so-called "Who Is a Jew" amendment, but it has never invoked party dis cipline to compel its Knesset members to vote for the bill, which has always been narrowly defeated. Asked twice Thursday if he

would invoke party discipline on this issue, Mr. Shamir replied that-"there will not be any new development in this regard."

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POACH: A Frenzy of Attacks on Wildlife in Kenya

Kenyan government, have gone public recently with scathing criticisms of the way Kenya is manag-Richard Leakey, chairman of the

private East African Wildlife Society, recently called the poaching problem a "growing national crisis - economic sabotage with farreaching and lasting effect on the stability and success of this coun-

Conservationists and a growing chorus of government officials have publicly questioned the per-formance of the Kenyan Depart-ment of Wildlife Management and

Hunting was banned in Kenya in the late 1970s, but elephants are being poached for their ivory at a rate of at least 150 per week, con-servationists estimate. Kenya's dwindling elephant population, which has declined by 85 percent in 15 years, is now put at about 16,000, according to a recent government survey. Some conservationists believe the actual figure is closer to 11,000, down from more able to kill large groups of ele-than 140,000 in the early 1970s. phants in a short period of time.

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President Daniel arap Moi, in response to the crisis, decreed in September that all poachers would be shot on sight. He also ordered that all mining and prospecting op-erations within the parks be suspended. Since then, governmen police have rounded up dozens of

suspected poschers. Less than a month after the president's shoot-to-kill order, however, 11 more dead elephants were found near Tsavo West National

chers are believed to be aided by corrupt game wardens, rangers, itinerant cattle herders and ivory traders who supply the ers with trucks and places to

"Clearly, if you are in a national park with people going in with trucks and automatic guns and saws and coming out with tusks," Mr. Leakey said, "then there must be collusion.

Outfitted with automatic weapons gathered from East Africa's many civil wars, the poachers are

"There is very little question that certain branches of government including the police - have turned a blind eye to what's going on," said David Western, a Nairobi con-

Since September, more than 40 rangers and wardens in the Department of Wildlife Management have been charged with corruption or collusion with poachers. Sixty others are said to be under investigation, and the present minister, George Muhoho, has promised further prosecutions

This is not the first time, however, that the department has tried to correct its abuses. Early this year it dismissed more than a dozen senior pureaucrats and wardens who were alleged to have been poaching or collaborating with poachers. The minister in charge of the depart-ment was also relieved of his duties.

Many of those rangers and wardens have since been reinstated. Sources close to the department say that bureaucratic and political considerations, as well as family and tribal loyalties, continue to make it hard to dismiss corrupt officers.

SPAIN:

Socialists' Woes (Continued from page 1)

Fraga," predicted Julen Guimon, the party's Basque leader. "Her-nandez Mancha will withdraw." Common sense wili prevail."

When Mr. Fraga quit politics, it was felt that an era had ended. He was the only major minister under Franco to remain popular under democracy. He held two ministerial posts, information and tourism. As information minister, he was in

charge of press censorship.

By 1982, he had built a coalition that won 26 percent of the vote and held 106 seats in the 350-seat lower house of parliament. But in the 1986 elections, the party polled 20 percent and the number of its seats fell to 68.

On quitting, Mr. Fraga said it would be his last direct participation" in politics. Recent polls put his popularity rating at 4 percent Despite its poor showing, the Popular Alliance remains the main opposition to the Socialist Party, which holds 184 seats in parliament. The current split is expected to weaken the right further.

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(Con	tinued from Back	Page)		
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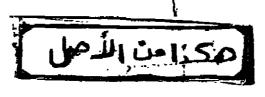
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MYSTERY BOOKS: Max

Pages 20 & 19 **FOR MORE** CLASSIFIEDS



turquoise and lime, were more con-vincing than chiffon dresses with

Carolyne Rochm embroidered

gilded snakes and blackamoor

heads on her limpid, luxurious

sportswear. This spiced up a show that had fresh ideas among the classics. Rochm, who pulled a

glitzy audience, including designer

Oscar de la Renta (for whom she

once picked up pins) showed only

pants at the start of her collection.

They were wide-ish, and came in

red and navy under swingy tops.

High waist jump suits with gold

buttons and blouses that tied at the

midriff both drew a new propor-

tion. Slinky bias-cut evening dress-

es in navy and white stripes, or with

chiffon pleats set into godets from

Spanish religious embroideries.

calls for resemble that had been and the state of the sta he himself professe to ass expulsion, there are indexs of Prime Ministr pamir's own right-of-coa who have spoken public

Upset With Peres arty officials are considering Shimon Peres a der because of Labors ing in the elections party nd published reports said according to The Asso ss. Five Israeli newspa israel radio said as man iking leaders in the part

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AIN:

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e his last direct parish politics. Recent politics ilarity rating at 4 poors te its poor showing Alliance remains the on to the Socialist Page iolds 184 seats in par he corrent split is equ on the right further.

LEGAL SERVICES

Pages 20 & FOR MORE CLASSIFIEDS

Indonesia's Closure *Of2 Straits Worries **Maritime Powers**

By Michael Richardson * Imericational Herald Tribune
SINGAPORE — Indonesia's

brief closing recently of two stratee straits used for international shipping has prompted expressions of concern from the United States, the Soviet Union, Japan, Australia and European countries eager to avoid precedents that impede freedom of navigation.

Western diplomats said Thurs-day that Indonesia's action ap-peared to be a reaffirmation of its claims to sovereignty over several important deep-water straits linking the Pacific and Indian oceans.

Legal experts said the closing of the Lombok and Sunda straits also reflected continuing ambiguity over some key provisions of the United Nations Convention on the Law of the Sea. If ratified, the law

The 1982 convention was the subject of renewed debate in the UN General Assembly on Tues-

will regulate virtually all uses of the

ans and reconcile conflicting

Although signed by more than i40 countries the convention has been ratified by only 35, or 25 short of the number needed to bring it

Diplomats said that Indonesia clased the Sunda and Lombok straits for three days in September for a naval exercise, although no foreign ships have reported being delayed or diverted.

The straits are used by commercal and naval vessels of many na-

The Indonesian defense and security minister, General Benny Mirdani, said last week that Indonesia had been applying its "sover-eign right to conduct exercises in any part of the archipelago" by closing the straits for a few days.

But this explanation was disput-ed by the Australian foreign minis-ter, Gareth Evans, who said that the United States, West Germany and Australia had made "diplomatic representations" to Indonesia about the closure.

Western diplomats said that Japan and Britain had also quesed the Indonesian government about the matter.

Contacted by telephone in Jakarta, a spokesman for the Soviet Embassy said that the Soviet Ution was "definitely concerned" about what had happened, al-though it had not raised the issue

Asked whether Moscow would oring up the issue, he replied: "We

"The Loubok and Sunda waterrays are not as busy as the Straits of Malacca and Singapore, which provide the shortest sea routes beween east Asian countries, includ-

But the Lombok and Sunda further discussion."

straits are regarded by maritime powers as important alternative

They have the additional advantage of being much deeper and less congested than the Straits of Malacca and Singapore.

For example, for safety reasons giant tankers of more than 200,000 tons carrying oil to Japan usually pass through the Lombok channel and the adjacent Makassar Straits in Indone

Both U.S. and Soviet submarines use the deep-water Indonesian straits to pass undetected between the Pacific and Indian oceans, analysts said. In the crowded and relatively

shallow Straits of Malacca and Sin-

gapore, submarines would risk col-liding or running aground unless they traveled on the surface for part of the way, the analysts added. In a study on access by naval lowers to Southeast Asian waters. Lee Yong Leng, a professor of ge-ography at the National University of Singapore, wrote that unimpedtransit through the straits was vital for the superpowers so that they could send their naval forces "in the shortest possible time to crisis spots regardless of whether it is in a defensive or offensive capac-

Jakarta's assertion of control over straits between the more than 13,000 islands of Indonesia is based on the country's special status as an archipelagic nation. The Philip pines, with more than 7,000 is lands, has also declared itself an

archinelagic nation. Both countries have asserted their sovereignty over the seas within their archipelagos to protect their national security and unity.

The Indonesian foreign minist Ali Alatas, said the Lombok and Sunda straits, bounded by Indone sian islands, had a different status than the Straits of Malacca and Singapore, which run between Indonesian territory to the south and Malaysia and Singapore to the

Indonesia, he said, does not intend to "permanently block off" its straits to international traffic. In cases of temporary closure, he said, we will provide alternative

But Mr. Evans of Australia, reflecting the views of the United States and other maritime powers, said, "We don't accept that Indonesia's sovereignty extends to any right to close at will for whatever reason particular passages whether they be unequivocally international in character or whether they be

Speaking after talks with General Murdani and Mr. Alatas in Indonesia, Mr. Evans said he thought that "there may still be some differferences that can be worked out in

Heiress Aided Marcoses In 'Disgust' at U.S. Acts

NEW YORK — Doris Duke post against communism?" said she put up \$5 million bail for Imelda R. Marcos because she was "disgusted, embarrassed and posted the bond "because she ashamed" with the way the U.S. knows that Mrs. Marcos didn't vernment had treated the former Philippine first lady and her hus-

..."I have always believed that an accused person is innocent until proved guilty," Miss Duke said in written response to questions submitted by the New York Daily News, published Thursday. I wish the rest of America agreed with

Miss Duke, 75, the widow of a former head of American Tobacco Co., and who was once considered to be among the richest women in the world, said she would gladly testify as a character witness for the Marcoses, whom she she consid-

ered her "dear friends." Ferdinand E Marcos and his wife, who are charged with racke-teering, are accused of plumdering \$103 million from the Philippine treasury, fanneling it to foreign bank accounts and using it to buy

prime New York City real estate and art "I am disgusted, embarrassed and ashamed of my country's mis-treatment of Imelda and her ailing husband, Ferdinand," Miss Duke

Her lawyer. Donald Robinson said Wednesday that Miss Duke commit any crimes."

Mrs. Marcos, 59, who has been staying in an \$1,800-a-day suite at the Waldorf Towers, did not attend Wednesday's hearing.

Her 71-year-old husband cannot leave the Hawaii island of Oabu without permission of the Justice Department, under a prior restriction. He remained in Hawaii, where the two have lived since the former president was overthrown in a popular oprising in 1986.

Defense attoriteys argued last week that he was too frail to make the 10-hour flight. Judge Keenan postponed his arraignment until Mr. Marcos could be examined by government physician.
Assistant U.S. Attorney Charles

LaBella said the examination was completed Monday but the physi-

cian's report was not ready. A lawyer for Mrs. Marcos said she planned to visit Miss Duke on her 2,700-acre (1,095-hectare) estate in New Jersey this weekend, even though she would be free to return to Hawaii as soon as the bail

paperwork was completed. The eight co-defendants - mcluding the Saudi financier Adnan wrote. "Why should America spend millions and millions of dol- Khashoggi - remained at large lars prosecuting two people who outside the country, Mr. LaBella for a generation have been our clossaid.

AMALFI: Italian Wedding Town

(Continued from page 1) degree of extravagance and consumption that is brought into

He had to draw the line when it became a fashion to hire an orchestra for the ceremony, but part of the cathedral's appeal is the 61 steps leading up to a spectacular portico. This allows the bride a grand entrance and lends itself to big wedding parties that arrive in grand processions.

We do not close our doors to veddings." Don Andrea said, even when I have trouble fulfilling my other duries because this fact has a certain value to the communi

Enzo calculates that about \$200 a guest is left in Amalfi by a first-



"Marriage has always involved a certain meeting of the sacred and the profane," he said.

Don Andrea is now taking reser-

vations for 1989 weddings and many of the best weekend mornings all the way into next September are already booked.

Top Designers Showing Modern Classics

By Suzy Menkes NEW YORK - With American fashion — to use Barbara Bush's assessment of herself - what you

see is what you get.
New York's most influential designers are giving us sportswear easy, fail-safe pieces where the lines are squeaky clean and the look modern and wearable. Pants are the major story; skirts are mostly short. Interest comes in fabric and color, which includes sophisticated gold and silver among breezy navy and white. Classic design needs to be con-

stantly replenished. Ralph Lauren's achievement, in a very fine show, was to revisit his favorite themes - the hearth-and-homestead of Andrew Wyeth's paintings, Navajo Indian country or WASP America — and make each Lauren did this with color, giving flowered chintz skirts a patina of

age and the white tucked blouses a light crispness. Shades of pale in-cluded a butterscotch leather sarong patterned with chalky Indian drawings, shorts and blazer in clotted cream flannel and a jodhpur outfit in which an airy white organza blouse went under a cream bro-

Navajo blanket knits looked like paintings when their mauve, orange and green patterns were laid over beige chamois pants.

'other artistic endeavors" involving less administrative work Pants were the story right through the show. They came in He will step down at the end of simple stone or navy linen - his current contract, which extends sporty with polo shirts and newest through the 1990-1991 season.

alized from the beaded moccasin slippers to the carved ivory pins.

Tender was the night, when wide satin pants were worn with soft

blouses with a waterfall drape. They smelled of old money, or, as Bergdorf Goodman's Dawn Mello put it: "The clothes look fresh,

modern, and what's more they look

phy that less is more the height of fashion. This season, his designs were so spare, so pared down, so minimal, that they might have disappeared altogether, had they not been worn by the most succulent all-American models. Their perfectly molded bodies and loose flowing hair gave sensuality to the simple ribbed tank tops and soft

The show opened on a nautical note, with quicksilver stretch swim-

New York Times Service

the music director of the New York

Philharmonic since 1978, has an-

nounced his resignation to pursue

NEW YORK - Zubin Mehta,

with a soft jacket, sashed like a suits and high-waist sailor pants bathrobe. Details were perfectly re- and skirts studded with domed

NEW YORK FASHION

Mehta to Leave N.Y. Philharmonic

Calvin Klein made the philoso-

washed silk pants.

brass buttons. Snow white lace blouses and matelot stripes in shell pink and black, as well as the inevitable navy and white, were refresh-

Although Calvin Klein's hemlines were mostly very short, there were long washed silk skirts, some split to the thigh below tiny tank tops. They came in delicious colors: lilac, vanilla, apricot. The camisole top with wide pants was a repetitive theme, enlivened by gold and silver shoes and accessories.

Bob Mackie's collection was terrific when it was tacky and dull when he abandoned Californian glitz. Show stoppers from Hollywood's fashion king included a group of three shake-it-all-about fringed sequin dresses inspired by quake city, and a witty jacket, its body traced with freeways with miniature cars racing around the tracks. Sequined shorts outfits, cut like wet suits and colored orange,

Mr. Mehta, 52, told the orchestra

London newspapers have report-

ed that the London Philharmonic

has actively sought Mr. Mehta's ser-

vices, and there have been rumors

that he might return to the Los An-

geles Philharmonic

of his decision at a rehearsal

Wednesday. He has not announced

his acceptance of any new position.

the knees, proved that Rochm is an De la Renta played safe, showing day wear that was neat and quiet: suits and tailored coats in taupe, with matching beige hose and shoes. Navy and cream knits with gold buttons, which de la Renta did vell, are becoming a classic of this New York season. The designer also put brass buttons on bare little dresses that had crossover straps at the back. Other dresses were waist-

ed, full-skirted and 1950s style. The summer night was dark, with black chiffon cloque and lace. But color burst forth for very wide asymmetric culottes, in pink banded at the ankle with stripes of cobalt blue or green. These palazzo pants, with wide tops, in fuschsia pink, teal or orange, made lighthearted, huxuri-ous evening separates.

"It was the attitude which kept the passengers happy."

This is an authentic passenger statement





Gorbachev Goes Shopping

forming the Soviet economy, will Moscow pose more or less of a threat to Westan security? Should the West link increased trade and capital flows to good Soviet behavior in arms control, regional conflicts and human rights?

There are no obvious answers to these great questions, raised anew in response to a flurry of Soviet deals to finance consumer imports. But definitive conclusions need not be reached to see that the West's current presumption is right. At the modest levels now contemplated, improving economic re-lations with Moscow makes sense.

Mr. Gorbachev is shopping for bank loans at market rates to finance deals that will be profitable to Western enterprises. The credits promised and planned are small, and the capital transfers do not seem

to involve military technology.

These steps are in the economic interests of both sides. They are being taken at a time when Moscow seems eager to end the Cold War and when even the hardest-liners, like Jeane Kirkpatrick, the former U.S. representative to the United Nations, believe the Kremlin is easing its totalitarian grip. To block economic progress at this moment in Soviet history would be perceived as a hostile act, and rightly so.

It is possible that a Soviet economic revival based on successful decentralization of economic decision-making, would force policy makers to address the long-deferred needs of consumers. It is also

If Mikhail Gorbachev succeeds in re- possible that a revived economy would increase the resources available for a Soviet military buildup and an appressive stance on regional political issues.

But the success or failure of Mr. Gorbachev's reforms will not turn on factories to make sneakers or potato chips. The sums involved, perhans \$10 billion to \$20 billion over the next few years, are too small to make more than a symbolic difference to the trillion-dollar Soviet economy or to

threaten the stability of Western banks.

If the reforms do bear fruit, the Soviet economy will mature and international trade and capital flows will become critical to Soviet growth. By that time, however, the West should have a much better sense of whether economic success makes the Soviet Union a less threatening power.

The issue of linkage is also moot in the resent context. Andrei Sakharov raises alarms about concentrating power in Mr. Gorbachev. Even so, if the West were to contrive a list of Soviet concessions in human rights, arms control and regional conflicts, it would hardly be more ambitious than Mr. Gorbachev's own reforms.

If the Gorbachev revolution continues and the Soviet Union seeks normal economic relations, Western policy makers will someday face tough decisions on how to hedge their security bets. But someday is not now. Mr. Gorbachev's attempts to give Soviet consumers a sampling of Western-designed goods warrants welcome in the West.

- THE NEW YORK TIMES.

Thatcher Is Way Wrong

When she is right, nobody is more fiercely impressive than Margaret Thatcher. And when Britain's prime minister is wrong, her zeal compounds the damage and embarrass-ment. Now she is spectacularly wrong with a new limit on journalistic freedom and a proposal allowing a criminal defendant's si-lence to weigh as evidence against him. Under the new broadcast rule, which she

can promulgate by virtue of government licensing powers, British television and radio may report what has been said by representatives of Sinn Fein and other champions of the outlawed Irish Republican Army, but they may not broadcast the actual interviews. Supporters argue that such coverage affords the vital oxygen of publicity to terrorism. They also point out that the Irish Republic bas similarly banned such coverage since 1976, and that unlike the United States, Britain has no First Amendment guarantees against state interference with the press.

Those are feeble defenses for a rule that sets so damaging an example; South Africa is now eagerly citing the British ban as justifying its own more sweeping curbs on press freedom. And beyond the considerable issue of principle, the ban creates an administrative maddle. There are, for example, 50 elected Sinn Fein city councilmen in Northern Ireland. Can none be interviewed by BBC or

independent television? That's a "gray area," admits the home secretary, Donglas Hurd, who now has to figure out answers to a thousand perplexing questions put by jour-nalists hoping to make him look foolish.

In fact, putting the ban into effect may require new armies of bureaucrats to micromanage news broadcasting. American viewers of BBC's "Yes, Minister," one of Mrs. Thatcher's favorite comedy series, are now well schooled in the self-serving wiles of the very civil servants hovering about the newsroom door. And this from a leader who decries state intervention.

In political terms, the ban may backfire. Leaders of Sinn Fein can now mischievously pose as defenders of liberty. They can also point to legislation soon to be put before Parliament that would let Northern Ireland's courts take adverse account of the silence of a defendant. Doing so would erode a venerable English common law privilege against self-incrimination, one prompted by revulsion over Star Chamber tribunals in the 17th century.

Britain's good name as mother of parliaments and seedbed of political freedom is an asset more precious than the crown jewels. How bizarre for it to be tarnished by

— THE NEW YORK TIMES.

A Peacemaker, Please

bestow upon a grateful America would be a period of rest on social issues - a respite in which he used his office to civilize and cahn and turn down, not magnify, the volume of debate on race and sex, affirmative action, abortion, church vs. state, civil liberties vs. law enforcement and all the other take-noprisoners questions of the last eight years.

We say that not in behalf of certain policy outcomes, but to restore possibilities and values - pluralism, tolerance, reasoned discourse, compromise, middle ground - that have been all but driven from the field by the hard-eyed zeal, sospicions, bitterness and knee-jerk solidarity on right and left that have come to characterize the times.

Much of the preferential enterprise that goes by the name of affirmative action is an e remedy, a kind of chemotherapy to be used only with great care for limited purposes and limited periods of time. What should those limits be? That will never be an easy question. It becomes all the harder when one side — its intentions suspect, given its indifference to racial injustice over the years - now speaks only and grandly of the imperatives of a color-blind society, while the other side labels every hesitation as racist or sexist, and shows little awareness of the dangers that lark in granting government an open-ended mandate to make its choices and dispense or withhold its advantage on the basis of gender, ethnic background or race

The debate over abortion has become similarly strident and reflexive. Dueling orthodexies have grown up within the two politi-cal parties, reducing the suppleness that is their virtue. They are enforced at every level of debate, even in the appointment of judges.

The greatest gift the next president could
Candidates dissent at their peril. This is an issue of conscience, but it has become some thing else in our politics. Both parties have

lost much of value on this account. The church-state issue has become similar ly gnaried almost beyond recognition, one side advocating not merely prayer but shifts in what is taught in the public schools, the other fearful even of supporting day care in church besements, though acknowledging that the need for it is great and the churche

are among the better places that supply it. As to civil liberties, you need only look to the drug bill that a grandstanding Congress just passed. For a long time the Constitu tion was in greater jeopardy from this bill than the drug trade will ever be. Only the urge to adjourn and the American Civil Liberties Union rescued the legislation.

The point is not that the contending sides on any of these issues should abandon their convictions. The debates will not disappear. The question is the role of the president in refereeing and moderating them. Does he act to exacerbate and further to politicize these social and cultural questions, or does he seek to ease the tensions they reflect? A president does not have enormous authority to act directly in many of these areas. But he can profoundly affect them, not just by his choice of judges, his countenancing of actions by his departmental and agency heads or his interventions in legislation. He can affect them by his speech, tone, example and, yes, leadership. The area may seem fuzzy and clusive, but it is as important as any in which the next president will have an influence and ition to function as a restorer of

civility and reason, a peacemaker. — THE WASHINGTON POST.

Other Comment

What Reagan Achieved Ronald Reagan, above all, transformed the climate of arms control negotiations. He owed some of the credit for that to Mikhail Gorbachev. But the two men had an entirely different approach to nuclear policy. Mr. Gorbachev was a pragmatist. Mr. Reagan was an idealist who, in the words of Henry Kissinger, "genuinely hoped to write the end," to the nuclear weapons age.

He did not do that. But — if at the

expense of alarming his European alines over the INF treaty—he took the world off the hair-trigger of nuclear alert. A major component of his success was his persistence in deploying intermediate nuclear forces until the Soviets were brought by the "twin-track" technique to the negotiating table. In consequence he left the world a calmer place than it was when he was elected. That is a magnificent achievement.

— John Keegan, writing in The Daily Telegraph (London).

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Gen. Mgr. W. Losterbach, Prie



Save the Whales, But Keep an Eye On the Humans

By Sadruddin Aga Khan and Sir Peter Scott

GENEVA — So the whales are thought to have escaped the Arctic ice floes. The television cameras have gone as well. We can now settle down and wait for the next media tizzy over some unusual happening in the animal kingdom.
But there are lessons to be drawn from what
happened near Barrow, Alaska. During the three weeks it took to free the two whales - at an estimated cost of \$1.3 million - hundreds of people died of hunger in Africa. And in the end, the whales may well be butchered by some of the men who helped save them - particularly since the two great creatures, now accustomed to

man's presence, may not recognize their danger.
How wrong they are. Under the guise of "scientific" whaling, Iceland, Japan, South Korea, Norway and assorted pirate ships continue to butcher more than 6,000 whales a year. The powerful Japan Whaling Association spends nearly as much in advertising and lobbying as it costs to maintain Japan's aging whaling fleet. And on the other standards or they describe their slaughter of rilot whales. Islanders continue their slaughter of pilot whales.
Where is the concern for these thousands of

whales? Do they not deserve even a fraction of the attention their Alaskan brethren received? This is not the first time paradox and irony have prevailed, nor the last. While the world was waiting breathlessly for news of the ice-bound mammals, Japanese scientists at Hokkaido University were developing plans to raise, milk and harvest whales in freshwater ponds — the ulti-

mate achievement in mass breeding.
Hisao Izawa, the professor of veterinary medicine who led the research, says that "whales are, so to speak, cattle in water without feet." Like cattle, he plans to feed them grass, after implant-ing in their stomachs a cellulose-digesting mi-crobe found in cattle stomachs. The result would

withdrew his resignation.

tions. This began a series of multilat eral discussions that parallels Prince Sihanouk's personal gambit with

Hun Sen. The whole process could

evolve into a broader international

mains on fundamental issues: a firm

timetable for withdrawal of Vietnam-

ese troops; how to control the Khmer

Rouge; the sequence for replacing Cambodia with a government of na-tional reconciliation; how elections should be held; and how to combine

the four factions in a new coalition.

There has been talk of possible roles

for the United Nations, an interna-

tional peacekeeping force or an inter-

national control commission. None

of this makes sense unless the Cam-

bodian parties and their patrons

agree on a political solution.

The Cambodian drama has, none

theless, moved into a new phase.

While Prince Sihanouk does not ex-

pect the Paris meeting to yield defini-

tive results, the fact it is taking place

is a tribute to his unorthodox diplo-

ble role in any political scattlement.

In Washington recently, President Reagan told the prince that the United

States would increase political and

material support to the two non-Com-

manist groups in the resistance. Mr. Reagan was, in effect, committing the

hands of those groups during the mul-titrack negotiations. Still, for the Unit-

ed States and ASEAN, this "fight-

distration to strengthen the

rtic skills, and it enlarges his proba-

conference next year.

But profound disagree



be plentiful whale milk - though a market would have to be developed for it (at present, baby whales are the only known consumers). Meanwhile, stocks of meat and powdered milk

keep growing in the industrialized nations.

The consequences of this whale farming scheme would be sadly absurd. Would conservationists drop whales from their endangered-spe-cies lists, or would there be one list for saltwater and another for Ireshwater whales? Would the International Whaling Commission change its name to the International Cattle-in-Water-Without-Feet Commission? Come on.

Isn't it about time to apply the brakes? Fooling around with nature and indulging in Frankenstein genetics will not produce the kind of world we can kindly hand over to our children. The message from the Arctic is a different one.

For a while, as people watched their television screens, they sensed that time was standing still.

Great leviathans from the primeval depths had brought once-divided mea together. Eskimo hunters laid down their harpoons and used

chainsaws, aided by Greenpeace activists. American helicopters and Soviet icebreakers raced to the rescue. President Reagan called the U.S. navy captain in charge to convey his personal support.

Moby Dick would have been amused.
But the point, surely, is this: We are all custodians of the whales and of all other living species. We want these to remain what they are m be—a part of the great magic miracle of life. Not just the ruthlessly bunted targets of whalers. Not just manipulated, grass-cating, freshwater con-

sumer products for Japanese supermarkets. George Bernard Shaw said: "If other planets are inhabited, then surely they must have chosen the Earth as their lunatic asylum. Why does man persist in behaving as if he were nature's only mistake?"

Prince Sadruddin Aga Khan is international vice president of the World Wide Fund for Nature (WWF) International. Sir Peter Scott, the naturalist and painter, is its founding chairman. They contrib-uted this to the International Herald Tribune.

Cambodia: When It's Late and the Visitors Won't Leave

By Frederick Z. Brown

The Better to Lat You With

AS the Soviet-bloc countries experience serious economic problems, their leaders are turning for relief not to the principles of Marx but

of the capitalistic West. Western bankers seem all too willing to prop

West German banks and is negotiating for more from Japan and Britain. Prime Minister Ciriaco De Mita of Italy has gone so far as to recommend

a new "Marshall Plan" for Eastern Europe and the Soviet Union. And

The question is, why does the West want to help restore a dangerous bear to full health — the better for the Soviets to eat us, my dear?

Soviet bloc, there ought to be some substantial changes, such as real

progress on human rights and sharp curtailment in expansionism.

Perestroika notwithstanding, Soviet defense spending has doubled under Mr. Gorbachev. The defense budget would be the first place to cut

Roger W. Robinson, former director for international economic affairs at

the National Security Council, sees a danger of the West underwriting the cost of communist expansion around the world. "If you make the assumption," he says, "that the Soviet Union's hard currency income, 80 to 90

percent of which is derived from oil, gas, arms and gold, is earmarked for just two purposes, to pay for imports from the West and debt-service requirements, then you would be in a situation where virtually 100 percent

of the hard currency requirements to maintain a global empire from

ring them to Western bank depositors. Banks are pricing their credit (as

low as 7 percent for 10 years in the Italians' case) not on the basis of

Soviet ability to repay but on the economic strength of Western govern-

ments. The banks can't lose, because Western governments guarantee the

loans. But the taxpayers can lose —and the free world could lose as well.

Western banks are taking the risks away from the Soviets and transfer-

if the Soviets were serious about domestic economic reforms.

Managua to Hanoi were financed on Western capital markets."

Before any loans, credits or economic incentives are extended to the

Chancellor Helmut Kohl of West Germany has said his country wants to

Moscow has accepted billions of dollars in new credit from Italian and

them up with low-interest loans and liberal lines of credit.

be "full partners" in the success of perestroika.

WASHINGTON — On Satur-day, Prince Norodom Siha-nouk, the exiled leader of the Camfight, talk-talk" process presents bodian resistance, is to sit down in atable realities. The Khmer Rouge cannot be di-vided into "military" and "political" Paris with Hun Sen, the prime minister of the Vietnamese-backed People's Republic of Kampuchea, to components. The movement remains fanatically committed to the unity of talk about ending the conflict in Cambodia, now in its 10th year.

After meeting with Hun Sen in December and January, Prince Siha-nouk resigned as head of the coalipolitics and military action. Khmer Rouge guerrillas have abducted many thousands of civilians from ref-ugee camps in Thailand for forced service inside Cambodia. They attack their non-Communist coalition parttion representing the resistance.
He blamed his partners in the group — the Khmer Rouge and the non-Communist Khmer People's National ners just as they attack the Vietnam-

ese occupiers. They are storing supplies for a future civil war. Liberation Front — saying they had tried to undermine his efforts. He later Captured Khmer Rouge documents, written about two years ago, reveal the intent to retake power us-But in July, all four Cambodian factions managed to come together in-Indonesia for informal talks on the ing whatever deceitful means are necessary, including participation in a parameters of a political settlement.
They were joined by representatives
of Vietnam, Laos and ASEAN, the
Association of South East Asian Na-

new coalition government.

Even if Pol Pot and other top leaders directly responsible for the killing and other excesses of the 70s are

exiled to China, as has been pro-posed, the Khmer Rouge will be no less a threat. It is difficult to imagine that only the top half-dozen Khmer Rouge leaders are dangerous. The Khmer Rouge army is 40,000-strong, and entrenched in the countryside.

Prince Sihanouk and Hun Sen say that the Khmer Rouge rank and file should be part of the reconciliation process. Tactically, this makes sense, but only if China cuts its supply line and Thailand refuses the Khmer Rouge sanctuary. Moreover, in a reconciliation government, if the Khmer Rouge were disruptive or returned to the jungle, they could pursue civil war indefinitely, regardless of where Pol Pot and his henchmen were located.

The current Phnom Penh government, meanwhile, may gain sufficient political strength and prestige to dom-mate a coalition government of recon-ciliation. While Vietnam, its economy

in tatters, is under pressure to end the Cambodian occupation and establish normal political and economic rela-tions with the West and ASEAN, Hanoi's overriding security concern is to have a friendly regime in Phnom Penh. To that end, Vietnam has been busy strengthening the Phnom Penh admin-

istration and army, cementing party-to-party relations and spurring the remm to Cambodia of thousands of Vietnamese who once lived there but were driven out in the 1970s. Slowly, the Phnou Penh government is achieving a degree of legitimacy at home and abroad, despite ASEAN and Western efforts. Vietnam believes that by 1990 the government could hold its own in a coalition — perhaps even dominate it — if the international community guarantees a settlement and keeps the Khmer Ronge at bay.

Prince Sihanouk's position may begin to erode. More material aid, including arms, will improve his bargaining position; but in the long run, dedication, organization, training and discipline will be decisive. These take

plied by foreigners.
The prince and his non-Commun. colleagues have started to create the essential conditions for their future survival in a coelition with Marxist sts. Neither ASEAN nor the United States appears to have considered how political pluralism can be guaranteed in a compromise settle-ment, particularly if Prince Sihanouk, who is 66, leaves the scene.

ASEAN and the United States must think about the future role of Vietnam in Indochina. Vietnamese influence in Cambodian affairs will continue. But it is unclear how much would be acceptable to ASEAN, China and the United States. Hanor's opponents have insisted on the complete withdrawal of Vietnamese forces before a political settlement can be reached But is a total pullout feasible as long as a Kluner Rouge comeback looms?

And even if a coalition government

were formed, it is unlikely that the Hanoi-backed government would simply dissolve, or that its connec-tions with Vietnam and other socialist nations would dissipate.

The question is not how much Vietnamese influence over Cambodia the interested non-Communist countries are prepared to tolerate, but what they are prepared to do to limit it. Until now, the answer has been to let China and the Khmer Rouge forcibly oppose the Vietnamese occupation. On noi withdraws its troops, this approach will no longer suffice as a framework for resolving the larger is sues that must be part of a durable settlement of the Cambodian conflict.

The writer, a senior associate at the Carnegie Endowment for Internal al Peace, recently returned from four weeks in Vietnam and Cambodia. He contributed this comment to the Inter-national Herald Tribune.

he said a few days ago: "It didn't have to happen. The Reagan-Bush administration allowed thrifts to set aside the business of financing affordable homes, and plunge headfirst into risky speculation. And then they relaxed the overcent decreased to protect deconitions. sight designed to protect depositors at savings and loans." A second frightening prospect is another stock market collapse, per-

another stock market conapse, per-haps precipitated by a resurgence of-highly leveraged corporate takeovers. In these bayouts, the purchasers, of-ten without outside collateral of their own, get the money by selling high-interest "junk bonds." Come the next; recession, some companies with huge

What About *

The S&Ls,

Mr. Bush?

By Hobart Rowen

WASHINGTON - The most

Problem facing the next U.S. president

almost surely will be the crisis in the

savings and loan industry, measured in terms of a potential \$50 billion to

The S&L crisis makes a hollow joke

of the "peace and prosperity" theme of the Bush campaign. Michael Dukakis, the Democratic presidential candi-date, struck hard and accurately when

\$100 billion taxpayer bailout.

debt loads are sure to go under.

"When you see the biggest companies in the country leveraged to the hilt, that's pretty scary, because sooner or later, a big part of the economy is of later, a sig part of the examiny assisting on a professional money manager, told the Wall Street Journal. All of these events — a series of S&L failures, a market crash, corporate bank ures, a market crash, corporate bank-ruptries — could happen because hi-nancial markets more and more have been left to their own devices. Deregi-lation has been the magic banner of the Reagan administration, the ideo-logical nostrum for almost all ills. James Baker, the manager of

George Bush's campaign, found out quickly after he took over the Treasury from Donald Regan that it was not wise to leave the international value of the dollar to the speculative wishes of the foreign exchange markets. Unfor-3 mately, Mr. Baker did not apply the same logic to domestic financial affairs. Through its overcommitment to free markets, the Reagan administra-

tion legitimized greed. Whatever the benefits the public,

Whatever the benefits the public may have gained from higher interest rates and expanded financial services, the price has been enormous; a progressive collapse of banks and S&Ls that have been weakened by imprudent oil, agriculture, real estate and Third World investments.

How did deregulation turn little such a negative force? Performance, not safety, became the byword. There was a banning of the lines between various kinds of financial institutions, including banks, insurance, real estate including banks, insurance, real estate and brokerage companies. This "crossfertilization," as Henry Kanfman describes it, induces speculation.

To prevent S&Ls and banks from funds and other new, deregulated "products" that paid higher interest rates, Congress was induced in 1980 to adopt the Depository Institutions Deregulation Act. That law phased out ceilings on interest rates. By 1986, they were gone. S&L managers, formerly restricted to financing. home mortgages, could move into riskier investments. Federal insurance up to \$100,000 per savings account.

ted the need for prudence. The Dukakis campaign correctly notes that Vice President Bush, who headed a Reagan task force on deregulation from 1982 to 1984, never foresaw the savings and loan prob-lem, though thrift collapses were multiplying even then. And now the Bush campaign pretends that there is no need to worry.

Meanwhile, soon after the anniversary of the stock market collapse of Oct. 19, 1987, Wall Street has a new case of the jitters following the \$13.1 billion takeover by Philip Morris of Kraft Inc. That huge deal probably foreshadows a flood of new junk bond offerings that will pile new corporate debt on an already hig mountain.
In dealing with the S&L crisis, con-

sideration should be given to restoring interest-rate callings, and to phasing down the \$100,000 insurance on accounts in banks and S&Ls. Mr. Dukakis is thought to be sympathetic to a suggestion of Paul Voicker, the former Fed chairman, that corporate raiders using junk bonds be required to put up some outside collateral. A more radical solution, suggested by his successor, Alan Greenspan, would be a con-gressional limit —or ban —on the tax deductibility of interest on money borrowed to finance takeovers. The bottom line is that a hard

look is needed at America's blind devotion to deregulated markets. The Washington Post.

100, 75 AND 50 YEARS AGO

1888: Imperial Escape

ST. PETERSBURG - The narrow escape of the Czar and the Imperial Family in the accident to the Imperial train at Borki continues to cause great excitement. People do not understand why the Court Minister tried to conceal the affair. Thanks to this gen Russian system of concealment, the wildest reports have free play, and it has been asserted that the cata was due to a Nihilist plot. But these reports are unfounded. Twenty-one persons were killed in the accident.

1913: Claims on Africa

BERLIN - The Anglo-German negotiations regarding the Portuguese possessions in Africa seem to be taking shape. According to data from one source, a new agreement between Great Britain and Germany will be reached on the following terms: (1) Germany will abandon all intentions on Mozambique, (2) Great Britain

out the economic exploitation of Angola. (3) Great Britain will grant Germany a given contribution for the construction of the railway from Lobido Bay to Katanga (4) The agreement will in no way affect Portugal's sovereignty. The Lobido railway will cross the whole of Africa from west to east. thus linking up Germany's colony in East Africa with the Atlantic.

1938: Il Duce for Islam

TRIPOLI — A colossal equestrian statue of il Duce, brandishing the Sword of Islam, was unveiled today [Nov. 3] by Marshal Balbo, Governor General of Libya, in the presence of 18,000 colonists making their first contact with African soil. Il Doce's bronze statue stands in the main square of Tripoli; the horse is a spirit ed Arab. With their gay handker-chiefs around their necks and waving flags, the colonists made a coloring picture. Marshal Balbo renewed the Duce's promise that the Sword of Iswill leave Germany quite free to carry lam would protect Arabs and Berbers'

On Old Times With Imelda and Ferdie

D EAR Imelda Marcos: Welcome back to New York City, where it all started for Ferdie and you some years ago, when he sought the ippine presidency.

The two of you never gave New York its proper place in Philippine history. In fact you won the presidency by denying right down to election day the existence of our "New York strategy." So now that you're here again, this time to face racketeering charges in federal court, it's time to set the record straight.

By the way, I hope you don't mind my calling your husband Ferdie. That's what you both asked me to call him back in 1962 in Manila, when we sat around your dining room table mapping out plans to fulfill his dream of becoming president. How refreshing it was for me then to hear you talk about democracy in Asia and to listen to your pledge to clean up the graft and corruption that had existed in your country since its independence.

It seems like only yesterday when you, Ferdie and I paraded around the streets of New York visiting every editorial board that would see you. You and Ferdie gave interviews to every journalist I came up with who had an tral Intelligence Agency bought evinterest in your country. It wasn't easy then. After all, Ferdie was a relatively obscure senator. To me. though, he was an extraordinary polincian who I was convinced would go down in history as a great president.

I was honored that I could help.

a Victory" as gospel. The CIA even

By Leonard Saffir

Remember those young women at Finch College in New York City who were moved to the edges of their seats with Ferdie's dynamic talk about the Philippines? Well, it all worked. You made headlines back in the Philip-pines. Every word you uttered in New York was on the front pages of your

country's newspapers. But we both really know what ultimately defeated your opponent, the incumbent president, Diosdado Macapagal. It was Ferdie's biography, "For Every Tear a Victory," by the best-selling author Hartzell Spence and published by McGraw-Hill in New York in 1964.

Never has a political campaign been conducted on one issue - a book — as it was in your case, in 1965. Everyone in the Philippines read it. There were editions in every language. And for those who couldn't read, but could still vote, there was the movie made from the book. Mr. Spence made Ferdie a hero, just as you had orchestrated it.

You probably know how the Cenerything in the Spence book, hook, line and sinker. After all, Mr. Spence was a well-respected journalist. All the American government agencies, as well as most of the most important

turned against the candidacy of the former vice president, Emmanual Palaez, who was opposing Ferdie at the time. Instead, America's intelligence folk started pushing Ferdie.

- Syndicated columnist Cal Thomas.

By the way, when you're in New York maybe you'll get a chance to see Mr. Palaez. He is now your country's ambassador to Washington Well, on the occasion of your visit to

New York, let the record show that "For Every Tear a Victory," the book that won Ferdie the presidency, the book the two of you have always maintained no involvement with, will go down in history as the world's most successful vanity publishing venture.
I'll never forget that Ferdie threatened to have me killed if I revealed

that he paid Hartzell Spence \$15,000 to write the book and guaranteed the sale of 10,000 copies to McGraw-Hill. I kept your secret because I be-lieved in him. And what you don't know is that I kept the secret even after two agents of Mr. Macapaga offered to buy my story for \$50,000.
I've just looked at Mr. Spence's inscription in my copy of his book. He wrote: "To Lemme, who also suf-

fered, Hartzell 8/16/64." I suffer no more. Regards to Ferdie.

The writer, executive vice president of Porter Novelli, a public relations firm, is president of the Overseas Press Club of America. He contributed this commen to The New York Times.

حكذاءن الأصل

OPINION

. There Will Be No Peace, And the Israelis Will Pay

By Anthony Lewis

will rule the 1.7 million Palestinians of the West Bank and Gaza by force. Resistance will continue, and terrorism increase Israel will respond with great-er, repression, spending not only its financial but its moral capital to keep the occupied territories.

The same of the sa

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Hobart Rowen

HNGTON—The to assing domestic economic acting the next U.S. productively will be the criss in the doan industry, means of a potential \$50 billion to taxpayer ballous.

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crisis makes a holomy That is the prospect after the Israeli election. To put it so starkly is jarring. but it is the reality. Indeed, it may underitate the grunness of the implications for the future of Israel

The result was a virtual deadlock between Likud on the right and Labor on the left. But small parties on the extreme right made gains, as did the religious parties. In all likelihood, n, Prime Minister Yitzhak Shamir of the Likud bloc will be able to form a governing coalition.

Air. Shamir has said again and again,

in the most rigid language, that he will not give up an inch of the West Bank or the Gaza Strip. There are some younger figures in Likud who see Palestinian reality, but any modest voice they may have is going to be drowned out now by the injet.

One fact tells the story. Tehiya, a party of the far right, lost votes this time persuase it did not call for "population ransfer"—a suphemism for driving the or you see the biggest on the country leveraged is Palestinians out of the West Bank and Gaza, Two parties that favor forcible expulsion gamed seats. And so did the a big part of the com orthodox parties that increasingly speak for a religious-nationalist view of holding onto the territories.

Mr. Shamir has always said he is ready to negotiate with any Arab state. But, given his view, there is nothing to negotiate about. King Hussein of Jordan has no reason to go to a negotiation whose stated purpose would be to ratify Israeli sovereignty over the West Bank. Neither do the Palestinians in the territories, who have made resoundingly clear over the last 10 months that they will not accept their present status as people without rights, without their national identity.

Somaid Regan that it we So Israel will continue to rule those lar to the speculative with Palestinians against their will. The strain eign exchange markets lk what puts on Israeli society is enormous: y, Mr. Baker did not app. A lewish population of 3.6 million trying best to domestic linari-brough its overcommin-prices, the Reagan admir to control a hostile indigenous popula tion of 1.7 million. It is as if the United States set out to rule 100 million people of another culture and national identity.

Mever the benefits the k message of the election will not said expanded funnity had begun to think in terms of a said expanded funnity. The message of the election will not the price has been enough source collapse of banks that have been weater solution - accepting Israel's permanence and living alongside it in a Palestinian ministate — will despair. The bard men will gain influence.

financial incus

BOSTON —There will be no peace. bombed a bus on the West Bank, killing an Israeli woman and her three children. That is the past and the likely future, outrage breeding Israeli fear, fear breeding hate, the cycle of violence going on. One can see no end without leadership willing to face reality, but where is that leadership? Shimon Peres, the Labor Party leader, ran a campaign that never squarely faced the need to deal politically with the Palestinians. The PLO stalled and evaded the need for a political initiative toward Israel. The American president? He has been

invisible on the issue for years.

Someday, perhaps, there will be a leader in Israel or the United States with the courage to tell Israelis and their American friends the truth: that the cost of ruling another people in the West Bank and Gaza is destroying Israel, that the least bad of all the options is to seek at the same time self-determination for the Palestinians and security for Israel. But someday may be too late.

Yehoshafat Harkabi, the former Israeli chief of intelligence, has a gripping book due out in the United States shortly, "Israel's Fateful Hour." In it he erns of what the failure to settle the conflict may do to Israel.



"Terrorism and civil insurrection will get worse," he writes, "and consequently so will the repressive measures against Arabs on both sides of Israel's pre-1967 borders. Extremist Jewish religious nationalism, with its hostility toward non-Jews, will also intensify.

He adds: "Turning the conflict into a zero-sum game, a struggle in which there must be a victor and a vanquished — whether intentionally, as the Arab extremists wish, or by an unwillingness to compromise, as the Jewish extremists are doing - is fraught with danger

Continued conflict may doom the Arabs to backwardness and destroy part of their lands, but it threatens Israel's very existence.

After this election, General Harkabi

must know how Cassandra felt. The New York Times.

LETTERS TO THE EDITOR

Munich 1938: Its 'Lesson' and What a Year Wrought

Norman Podhoretz neglects in his opinion column to observe that the failure to accommodate national aspirations was the cause of World War I. The "lesson" of Munich, 1938, is of no more use to us than the "lesson" of Sarajevo was to Neville Chamberlain. The public is right to question it and its corollary of "peace through strength."

Appeasement likely owes more to the positive attitude of Western intellectuals and leaders toward Hitlerism than some ostensible pacifism. Hitler's ideas and values were widely shared and approved at the time. Why shouldn't he have been trusted? Because he was a racist? Nationalist? Anti-Semitic? Anti-Communist? Authoritarian? Munich happened because the elites refused to believe those who said Hitler would wage war, because he was so much like them, if perhaps a bit "extreme." A better lesson might he drawn from Munich - make sure that your elite loves democracy and equality enough to know who its enemies are.

As to Mr. Podhoretz's contention that dent oil agriculture relability of the political hope of the Paldestrict world investment and deregulation metals and begun to run into the sand. Just the casualties be before he destrict of the lines in the prevented world war III, of what magnitude must the casualties be before he feels global conflict has broken out?

Millions of victims have been generated, more bombs dropped and more money the policy of peace through strength has prevented World War III, of what magnitude must the casualties be before he feels global conflict has broken out?

Regarding "Munich 1938: The Lesson spent in the regional wars of the past 43 About Military Strength Stands" (Oct. 21): years than in both "world" wars.

TRACY DANISON.

In "Munich, 1938: What Might Have Been" (Opinion, Sept. 24), William Pfaff implies that the year from September 1938 to September 1939 did not change much. But the Allies outspent the Axis vastly, narrowed the military gap, and. most importantly, the year gave Britain time to complete the chain of radar bases that played such a vital role in the Battle of Britain. While England might

> perhaps even a Nazi invasion. Albeit unwittingly, Neville Chamber-lain's actions at Munich provided the Allies a greater opportunity for a decisive victory over the Axis in the end. C. EDMUND CLINGAN. Bonn.

have won the air war anyway, there

would have been far more suffering,

Munich was a striking example of what catastrophes befall us if we forget the lessons of history and repeat old mistakes. If short-memoried liberals had had their way, totalitarianism, Holocausts and Gulags would have spread all over the world by now.

RALF THILEN. Ramsey, New Jersey.

Ducking a Trade Match

Regarding "French Stance on Autos Vexes EC" (Business/Finance, Sept. 9):

For years the French have been blocking — through every conceivable means, fair or unfair — the import of foreign cars, from Asia and until recently from the rest of Europe, too.

What place did the French automotive industry hold in the world 20 or 30 years ago, and what place does it hold today? People who would laugh at the idea of somebody wanting to become next year's world boxing champion and training only with amateurs at a backcountry gym gladly advocate protectionism for full-fiedged industries, which is no lesser folly. M. ANDRÉ.

Vincennes, France. From Seoul to Nicosia

Congratulations for the marvelous job you did covering the Olympics. For people like us in Cyprus, an island where television reception is a problem, the IHT provided reliable and complete daily coverage, with stunning photographs. CATHERINE GRANDJACQUES.

Decided, Thanks to Bush

In among the fabrications, half-truths and nonissues (the Pledge of Alle-

giance), George Bush has, in far greater detail than Michael Dukakis, defined his differences with his opponent in the U.S. presidential race. There is, therefore, no further question in my mind as to why I shall be voting for Mr. Dukakis. DONALD ARTHUR.

A Field Day for Journalists

The story of Ben Johnson, the Canadian sprinter who tested positive for steroid use, has allowed journalists throughout the world to write on such topics as honor, greed, pride, disap-pointment, ethics, Canadian nationalism, victory, sacrifice and shame (not to mention sport and drugs), and to sound very eloquent indeed.

Perhaps the journalistic commun-ity could award Mr. Johnson a medal in appreciation of the unique opportunity he presented it?

KEVIN MOORE.

For Wallenberg's Sake

A. M. Rosenthal's "Keep Pressing, Say Soviets Who Know" (Opinion, Oct. 1-2) was persuasive. It is time to ask the new Soviet leadership about Raoul Wallenberg. The world must care for this man. E PRISENDER

Basel, Switzerland.

Enter Fortinbras's Army, Behind Plexiglas Shields

By Janusz Glowacki

rectors and artists sensed their time, has been played in dozens of ways: a criminal melodrama, a drama of metaphysics, a lesson in Viennese psychoanalysis or an internal passion play.

At the end of the 20th century, "Ham-

MEANWHILE

let" once again looks beyond the man to the state of the nation, and seethes with politics. As recently directed by Ingmar Bergman, it is less about a young man's inner struggles than about a nation's collapse, about what Bergman feels lies behind the prosperity in the West, about the political and moral circumstances that drive a man mad. That "something is rotten in the state of Denmark" has seldom been shown with such force.

But the meaning of this capacious play also depends on the andience that sees it. "Hamlet" staged in the Mark Taper Forum in Los Angeles means something quite different from "Ham-let" staged in the Taganka Theater in Moscow. It has a different meaning in Kansas City and yet another in Armenia. In 1980, just before the founding of Solidarity in Poland, I went to "Hamlet" in Warsaw. The hero's observation in Act II that "Denmark is a prison" pro-

voked enthusiastic applause. We do not know if Queen Elizabeth I liked the first production of "Hamlet," but surely the Elsinore Court and the murderer on the throne might not have appeared completely exotic. The times were hard. She herself ordered more than 1,000 heads cut off. The queen must have appreciated the fact that the promising young playwright showed sufficient political maturity to set the action of the play in Denmark.

In more recent times, neither Hitler nor Stalin liked "Hamlet" very much. Of course, both of them being serious states-men, they did not consider the possibility that someone might identify them with the murderous King Claudius. Still, they were very irritated by the play's overly intellectual protagonist, who talks too much and does too little. While Hermann Göring eventually permitted his favorite actor, Gustaf Grundgens, to stage "Hamler" in Berlin, the production had a hero that the Third Reich could be proud of: dynamic, a man of action and, most important, a full-blooded Nordic.

In the 1930s, the great Soviet theater director Vsevolod Meyerhold had a very

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N EW YORK — Shakespeare's interesting idea. He wanted to show the duality of Hamlet by casting two actors duality of Hamlet by casting two actors in the role. One would symbolize action, the other reflection. Meyerhold, in the end, did not stage "Hamlet." He was arrested in 1938 for refusing to submit to Soviet constraints on artistic expression and was executed.

If Hamlet appeared on the political arena in this year's U.S. presidential campaign, which interpretation would be chosen by analysts as most attractive to American voters? The fact that Hamlet talks too much and does too little would not pose an obstacle. But he would be eliminated from the race because of his extramarital affair with Ophelia.

In Ingmar Bergman's production, the Swedish actor Peter Stormare played Hamlet in a black turtleneck sweater, sun glasses and a black rubber coat. He would not stand a chance in a presidential debate: For too long he was too close to power to preserve even a trace of inno-

cence or a bit of illusion.

At the University of Wittenberg, he had read the Manifesto of the Red Brigades and learned how to use a stiletto. This is a Hamlet who drags the wounded Polonius roughly from behind the curtain and finishes him off with great expertise. He has been sleeping with Ophelia regularly and has observed Fortinbras with interest. This episodic figure of the Norwegian prince has for centuries been very important to Shakespeare's "Hamlet." Moments after Hamlet's death, the Norwegian army enters Elsinore: On Fortinbras depends the future of Denmark.

In the shocking final moments of Berg-man's "Hamlet," Fortinbras's army enters by demolishing the back wall of the stage, carrying machine guns and boom boxes that blast a deafening roar of hard rock music. On their heads they are wearing black helmets with Plexiglas shields. They are a cross between Middle East terrorists, New York City crack dealers and South American guerrillas. Expertly, they toss corpses into a common grave,

followed by the furniture. Obeying Hamlet's dying request, Horatio tries to explain to Fortinbras what has been going on in Denmark. Fortinbras orders Horatio shot. Denmark is finished. There is nothing to talk about. America has not had any experience of the loss of independence, foreign armies or occupation. In most American stagings of "Hamlet," the character of Fortinbras never amounted to much. In many productions, he was simply out

out from the play to reduce the budget. The audience at the Brooklyn Academy of Music received the entry of Fortinbras's army with carefree laughter. Not me. I belong to the nervous genera-tion. But I hope they are right in seeing this Hamlet's ending as science fiction.

The writer is a Polish playwright and novelist. He contributed this com to The New York Times.

SPECIAL U.S. ELECTION EDITION

WEDNESDAY, NOVEMBER 9TH.



AN IHT election extra with the latest available results will be printed early Wednesday morning and will be on sale the same day:

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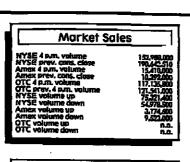
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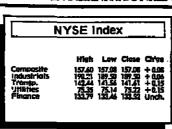
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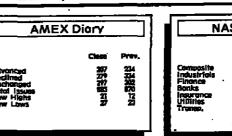


Dow Jones Averages

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere

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Standard & Poor's Index



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Dow Up, Despite Late Retreat

United Press International

*The market appeared to find support at the NEW YORK — Despite a sharp pullback in the final hour, prices on the New York Stock election rally," Mr. Goldman said.

Exchange advanced Thursday in moderate

The market appeared to find support at the 2,140 area, and we could be seeing a mini pre-election rally," Mr. Goldman said.

Despite the modest advance, Mr. Goldman Exchange advanced Thursday in moderate trading as takeover stocks once again dominated market activity.

The Dow Jones industrial average rose 13.51 to close at 2,170.34. The 30-stock index was ahead more than 20 points less than an hour before the close. The Dow had risen 5.87 on Wednesday.

Advances led declines by about a 7-6 ratio. Volume was 152.98 million shares, down from 161.3 million traded Wednesday.

Broader market indexes managed only slight gains. The NYSE composite index rose 0.08 to close at 157.08. Standard & Poor's 500-stock index rose 0.14 to 279.20. The price of an average share added 2 cents.

average share added 2 cents.

"It was a relatively quiet session with the exception of the Dow, which was helped along by such consumer stocks as Sears. Woolworth and Procter & Gamble," said Dennis Jarrett, a market analyst with Kidder, Peabody & Co.

"They were generally the driving force all day the first hour was had some long. Then in the final hour we had some

futures-related selling that brought us back from session highs. Overall, the activity cen-tered on select situations," he said.

"We did get a little bounce in the early going and that was due to the market's ability Wednesday to survive a background that was generally negative," said Al Goldman, market strategist with A.G. Edwards & Sons in St. Louis, Missouri, noting Wednesday's weakness

said the market "remained on thin ice," because the nine-week rally had been led by "takeover mania" and had not produced significant breadth or strong leadership.

As for Friday's scheduled release of October

As for Friday's scheduled release of October unemployment data, Mr. Goldman said the report could result in a "no-win situation."

"If the numbers show a drop, rather than easing fears of overheating, they could indicate a recession sometime next year," he said. "Add the dollar's decline to that, and we could have the worst of all worlds."

"We could have a sluggish economy. And we could see the Fed forced to tighten to support the dollar," Mr. Goldman said. "Concerns like that are why there is no serious investment in stocks other than the game playing."

stocks other than the game playing."

Sears was the most active issue, up 3 to 46, on

takeover rumors.

RJR Nabisco followed, up ¼ to 87, after the company's senior management offered \$92-a-share in cash and securities in a bid to top Kohlberg Kravis Roberts & Co.'s \$90-a-share

AT&T added 1/2 to 28%. IBM fell % to 1221/4. Among the blue chips, General Electric was 46%, General Motors was off ¼ to 84%, Merck was off ¼ to 58%, Woolworth was up 1¼ to 54% and Procter & Gamble was up 1 to 84%.

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International Herald Tribune

TRAVELER'S **CHOICE**

A Tribute for the Armistice

The Armistice Festival, an international artistic tribnte to the generation who lost their lives in World War I, will include several weeks of theater, concerts, readings, Jacunes and displays in London and Oxford. The opening moncert at the Royal Festival Hall is scheduled for Nov. 5: An Armistice Day concert Nov. 11 at the church of St. Martin in the Fields features the Deutsche Kammershilharmonie from Frankfurt. The longest running element is the exhibition "The Fallen" at the Museum of Modern Art in Oxford (Nov. 6 to Jan. 15) which displays the work of artists who died during the war, among them the sculptors Raymond Duchamp-Villon and Henri Gaudi-Brzeska, and the Expressionist painters August Macke, Franz Marc and Vladimir Davidovitch Burlyuk. London venues include the French Institute (Queens-Joseph Weiles incline the French Institute (Queens—bury Place), which presents a program that centers on Alain-Fournier's novel "Le Grand Meaulnes." "The Lost Voices of World War I," by Tim Cross, an anthology of writers, poets and playwrights was published in conjunction with the festival. Information: Armistice Festival, 12 Mercer Street, London WC2H 9QD. Tei: 379-50-45.

Section of the Prado Closed

The Prado in Madrid will temporarily close the Palacio de Villahermosa, one of the three buildings in its compound, on Dec. 18. The 18th-century Palacio will begin undergoing renovation to provide a site for the exhibition of much of the art collection of the Baron Hans Heinrich Thyssen-Bornemisza. The main building of the Prado and the Cason del Buen Retiro, where Picasso's "Guerinica" is housed, will remain open. The Prado is looking at the Military Museum as a possible site to house the temporary exhibitions displayed at the Villahermosa palace. About 700 of the 1,600 works in the Thyssen-Bornemisza collection will be lent for at least 10 years to Spain's Ministry of Culture. The paintings, which are now in Lugano, Switzerland, include works of Old Masters and of 20th-contry painters. The opening of the palace with the collection's works is not expected until early 1990.

Restoration of Bruges Buildings

Preserving Bruges's historic character is a civic tradi-tion in the city, one that is currently documented by the exhibition "The Renaissance of Stone" at the 12th-century Hôpital Saint-Jean until Nov. 20. The show's focus is the program begun in 1877 that has resulted in the resforation of about 500 historic brick buildings in the city center. The exhibition displays maps, drawings, paint-ings, photographs, tools and building materials. Guided visits of restored buildings have been organized by the Service of Historic Monuments to complement the show.

Choice Country Hotels of France

■ Wendy Arnold, who has previously written books on the historic hotels of England and Scotland, has added "The Historic Country Hotels of France" (Thames and Hudson) to her collection. A frequent visitor to France for 40 years, she picked 30 hotels, which range from the Anberge on Vieux Puits, a 17th-century Norman inn de-scribed by Flanbert in "Madame Bovary," to the Hos-tellerie de Moulin du Roc, a turreted château in the Dor--dogne whose kitchen is presided over by Solange Gardillon, one of the few women chefs in France awarded two stars by Michelin and three toques by Gault-Mil-

Key West Lighthouse Goes Dark The Key West Lighthouse has turned off its light and will remain dark until early February, while the tower is re-

win remain dark timin early reordary, while the tower is re-paired and restored. The structure has served as a muse-ium for the past 16 years since being declared obsolete, and is the only one of the seven remaining lighthouses in the Florida Keys open to the public. The Key West lighthouse-tower was built in 1823 but was destroyed in a hurri-cane in 1847. It was rebuilt and reopened on Feb. 4, 1848, and will reopen on the 1989 anniversary of that date. A bungalow-style keeper's quarters constructed in 1887 houses photos, drawings and historical information on

Alpine Peaks Where You Can **Bet on Snow**

by Joe Kirwin

F there is any one travel business seriously worried by all the talk of the greenhouse effect, ozone holes and rising world temperatures, it has to be the ski industry. Just last year, the thousands of skiers who made their pulgrimages to the Alps for early son snow or a quaint Christmas got a glimpse of what must be a ski operator's worst nightmare. It didn't matter last winter if it

was fluorocarbon buildup or just a freak winter warm-up that caused the problem, skiers faced a bleak scenario: mountains bare of snow. Call it the green slope syndrome.

In the last 10 years that early season syndrome has become increasingly common in Europe. Deep snow in December in the Alps has been as common as a

smog-free day in Athens. Despite that, the situation in late November, December and early January is not all lost. Thanks to the last vestiges of the ice age, gla-ciers and high altitude slopes, there are areas in the Alps where one can be assured of snow and decent ski-

ing in the early season.
They start with the ski area with one of the highest cable cars in Europe: Zermatt and its neighbor, Verbier. Several areas in the French Alps, the highest in Europe, such as Tignes-Val d'Isère or Chamonix,



The village of Tignes.

can also offer a snow guarantee. In Austria, St. Anton does not have the luxury of a glacier base but its altitude — much higher than Inns-bruck or Kitzbühel — offers, at the very top, at least minimal risk.

Until 1972, Zermatt, the Matterhorn notwithstanding, would not have made this select group. But when the Klein Matterborn cable car was finished, it provided a fast, convenient gateway to a glacier for year-round skiing. Previously, some of the slopes were accessible by a series of T-bars that were about as practical as a horse carriage in central Paris.

To give an example of just how reliable the skiing is at the top of Zermatt, as well as at its Italian neighbor, Cervinia, the Plateau Rosa glacier probably gets more use in the spring and summer than it does in winter. That's because at 3.820 meters (about 12,200 feet), it can sometimes feel like the North Pole, especially if the wind is blowing. But if the sun is out, it is

Should the weather cooperate and there is plenty of snow on all of the slopes, it is almost a 1,300meter vertical drop to the village—either Zermatt or Cervinia on the Italian side (should you go to Italy you need a special ticket to get back that can be purchased at the bottom station of the Klein Matterhorn cable car). If the snow is adequate, the run into the village is one of the longest in Europe.

OR intermediate skiers, the terrain on these glaciers, like most glacier skiing, is man-ageable. Expert skiers will find it almost boring. For the most part, this area at Zermatt is usually the least crowded. That's because most visitors must walk — if you don't take a horse-drawn sled or cart to the gondola station at the end of the town. That transportation system and a succeeding cable car de-liver one to the Klein Matterhorn

There is also skiing in another part of the 260-kilometer (160mile) trail complex of Zermatt at altitudes almost as high as the Plateau Rosa. They are reached by the center of town and then two cable cars to Hohtälli and Stock-

Though Zermatt has a reputation as one of the priciest ski areas in Europe, its atmosphere and scenery can blur the cost. The carfree village, with the incomparable Matterhorn hovering over it, is what Old World alpine charm is all

Another asset at Zermatt worth considering is the lack of lift lines. Because it has a variety of fast, modern mountain transportation systems and because it is a destina-

must have done when Cambodia's god-kings

Even a voluble amateur tour guide from an earlier age who has somehow survived the horrors Cambodia has endured since 1970,

offers his services in rusty English — a language skill he hid during the years of the killing fields. Business is still slack, he admits.

One notices the difference while still far from the west gate. Gone is the somber black-

ened hue of Angkor, remembered from count-

less photographs and from a visit in 1980; the sandstone has a scrubbed look and is now a light biscuit color that seems to reflect the glare of the sun, and somehow reduces the mystery and menace of the ancient stones. Not everyone in Cambodia has welcomed the efforts to restore the splendid city, which once had a population of half a million, to the pristine glory it knew under King Suryavarman II, who built Angkor Wat as a funerary

It can cost \$5,000 to visit the site these days, the price of chartering an aircraft from Phnom Penh for the 150-mile journey over Tonle Sap

lake — plus a \$60 fee leveled on foreigners by the Siem Reap provincial anthorities. Coming on a small tourist package from Ho Chi Minh City, formerly Saigon, is much cheaper.

The roads to Angkor are considered too insecure for foreigners, though when I was last

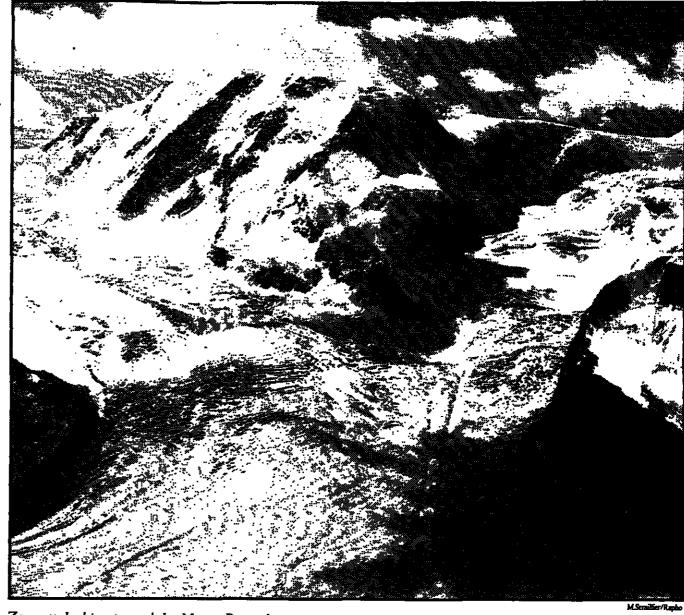
bere, less than two years after the December,

1978, Vietnamese invasion that overthrew the

Pol Pot regime, I was able to come by land

were in residence bere a millennin

temple in the early 12th century.



Zermatt, looking toward the Mount Rosa plateau.

tion resort and void of big weekend crowds, the lift lines common 10 years ago have been all but elimi-

The same can't be said for Verbier as this resort, bordering on France and a short commute from Geneva or Lausanne, has the op-posite problem. Lift lines in the past decade have been getting steadily worse.

But in December or in January, excluding Christmas, lift lines are not a problem. Because of two peaks, Mont-Fort and Mont-Gelé, Verbier has some glacier skiing and slopes at altitudes that will always have snow in the winter. However,

most of those high altitude slopes are expert runs.

Mont-Fort has two slopes. One is an out-and-back traverse run on a glacier. The first rule of safety of glacier skiing — don't stray from the marked trail to avoid crevasses - is a caveat to keep in mind. On the other side of Mont-Fort is a trail as steep as they come.

Even if one doesn't want to ski Mont-Fort, a trip to the top and return ride down on a clear day is a good chance to view the panorama of Mont Blanc and the Matterhorn. For those able skiers who start from the top, a 2,500-meter run to Le Châble is an option when the

snow is adequate at lower eleva-

Mont-Gelé can offer snow but it is like a remote castle — it has very limited access. There are no marked trails from the top as the whole peak is considered off-piste. The only way you can get to the top is via the Les Attelas peak, which you must ride two lifts to reach. But those two peaks are a small part of the more than 300 kilometers of trails at Verbier.

If the greenhouse effect does put ski areas in peril, the last resort for decent skiing in Europe will be Chamonix. When it comes to glacier skiing, there is none more spectacular than the king of the French slopes, which offers the highest vertical drop in the Western world. The massive, fractured snowfield that seemingly tumbles off Mont Blanc is a sight to see, if not to ski,

in summer or winter.
However, when one goes to Chamonix, one sacrifices much of the charm of European sking. It is a crowded city detached from most of the slopes, and lift lines can be

Although there are six separate areas at Chamonix (one ticket gets you onto all of them), there are two

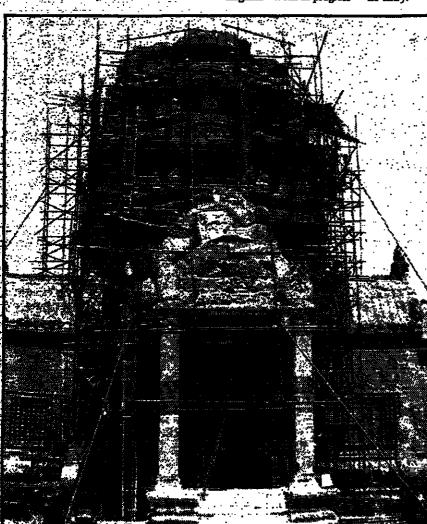
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Angkor Wat Under Scaffolding

by James Pringle

IEM REAP, Cambodia — There is an uncharacteristic bustle most days around the ancient and, until recentsomnolent mins of Angkor, Cambodia's fabled jungle city. Dust-covered work-ers clamber about bamboo scaffolding and

The 200-yard-long stone causeway that leads to the west, or main, gate into Angkor Wat, the main temple, is strewn with building ments, and at the gate itself a red and white painted sign announces in Khmer and



Scaffolding envelops restoration at Angkor.

laborers heave great lumps of sandstone, each bearing a number to show its place in the great Khaki-clad soldiers of the People's Repub-lic of Kampuchea, the Vietnamese-backed regime that controls most of Cambodia's population centers but not its mountains and

jungles, lean silently in the stiffing heat against stone nagas, the seven-headed serpents, cradling their AK-47 rifles. Little naked boys dive, shouting gleefully, from the causeway into the weed-strewn moat as they English: "Work in progress — no entry."

around Tonle Sap.

This time, I was invited to Angkor by an old
Cambodian acquaintance in the Ministry of
Culture. Officials and archaeologists were making an inspection trip to see the extensive but somewhat controversial work being done by a team of 14 Indian specialists, under an agreement signed in 1986, and there were a couple of free seats on the plane.

There was a hint of the possible threat of

the Khmer Rouge in the manner in which the aircraft approached Siem Reap, the provincial capital near Angkor. The plane, a propeller-

Continued on page 10

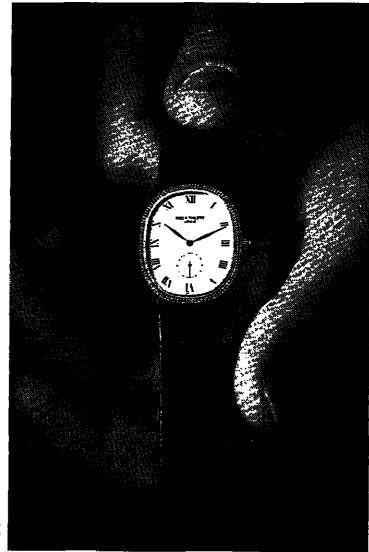
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TRAVEL

THE FREQUENT TRAVELER

Tired of Chain-Hotel Rooms? Look for the Hidden Gems

by Roger Collis

MALL is not always beautiful, but when it comes to choosing a business hotel a lot of people are seeking out small, independent huxury hotels in preference to those of large chains. In some cities, the Hilton, Sheraton Inter-Continental or Marriott may be the best in town; some large hotels, such as the Oriental in Bangkok, the Mandarin in Hong Kong and the Regent in Sydney have set superlative standards. But all too often the large hotel, to paraphrase Le Corbusier, is a machine for staying in, lacking that elusive analgam of comfort, friendliness and efficiency that I call hospitality. People want to be treated as a name rather than a room number.

Typically, small luxury hotels are privately owned, independently run and expensive. Dukes, for example, a 58-room hotel tucked away in a tiny gashit courtyard off Piccadilly in London, charges almost as much as

Says Richard Davis, who runs Dukes. "We rely enormously on repeat business, about 80 percent of our guests. A small hotel doesn't have a lot to spend on marketing so you have to rely on guests doing it for you. The secret is to have quality department heads—
reception, housekeeping, bar—who are big fish in a
small pond; for example, the chef at our restaurant
was formerly chef at the Savoy. We have more than
two staff per room, which enables us to concentrate on
service making parallel feel confortable and calling service, making people feel comfortable and calling them by name. All obvious things really."

How small is beautiful? The hotel should be large enough to have a lot of staff yet small enough to give personal service, identify problems and put them right."

Davis says. "Very small hotels can't generate enough revenue. I think 50 to 100 rooms is about right."

Christopher Cole, managing director of Lucknam Park, a beautifully restored Georgian manor house with 39 rooms near Bath in southwest England, disagrees. "I'd say 45 to 50 rooms is getting too imperson-al. You lose that intimate, friendly touch."

Dukes and Lucknam Park are members of Prestige Hotels, a consortium of 43 properties - all but 11 in the British Isles - which have clubbed together for joint promotion and reservations. Many are small country house hotels; such as the Lygon Arms in the Cotswolds and the Castle Hotel in Taunton.

Similar consortia are worth looking for. In France there is Relais et Châteaux with 350 members and the small Château-Accueil group of country hotels (40 members); in the United States, Small Luxury Hotels (16 members) and Select Hotels & Resorts in Australia, and Steigenberger in West Germany. In England there is Pride of Britain and Historic Houses. Hotels are often members of one or more consortia.

OME hotel groups specialize in the smaller, intimate style of property. In the United Kingdom, Thistle (33 hotels) and Norfolk Capital (15 hotels) take pains to avoid the chain image. "We're not a chain but a group of hotels," says Brian Yeaman, Thistle's director of marketing. "Every manager has certain freedom to give his hotel an individual flavor." The advice of aficionados is to first find a small, luxury hotel and do further research in the bar. Here are some suggestions, in addition to those mentioned:

LONDON — The Stafford. An elegant, comfortable oasis in St. James's Place, behind Green Park and

a few minutes from Piccadilly. It has 62 rooms, seven suites and good restaurant.

The Fenja. A boutique hotel - a former Edwardian town house in Cadogan Gardens with 13 rooms and three suites. Quiet and comfortable, a few minutes walk from Harrods. No restaurant, but serves fine breakfasts.

Cannizzaro House. A recently restored Georgian house on Wimbledon Common with 56 rooms. Peaceful setting. Two phones in each bedroom and lots of work space. A good restaurant.

Abbey Court. A restored Victorian house in Kensington with 22 rooms (all different; some with fourposter beds) run by a former Ritz manager. No

BIRMINGHAM --- New Hall. A mosted Elizabethan manor house at Sutton Coldfield, not far from the center of Birmingham, with 68 luxury rooms and restaurant. Excellent for small meetings.

STOCKHOLM — Clas Pa Hornet. A traditional Swedish inn (built in 1731) in the city center. Superb period furniture. Family run with a renowned restau-

VIENNA - Hotel im Palais Schwarzenberg. Not far from the State Opera in 15 acres of gardens. A glorious baroque building — 34 rooms and four suites furnished with antiques. Has a fine terrace restaurant.

PARIS — Lancaster. More like a country house than a hotel, a couple of minutes from the Champs Elysées, Quiet, comfortable and elegant. It has 56 rooms and 10 suites - no two are alike - furnished with 18th-century furniture. Restaurant overlooks a garden courtyard and seats only 30 people.

Residence Lord Byron. A comfortable private hotel just off the Champs-Elysées with 16 rooms and 10 tes. No restaurant.

Relais Christine. A restored 16th-century m-mas-tery in a quiet street near the Pont Neuf. It has 51 spacious, well appointed rooms, an oak-paneled lobby and a charming courtyard.

TOKYO — The Seiyo. Perhaps the smallest huxury hotel in Japan. It has 80 rooms. Guests are each assigned a full-time secretary-factorum.

NEW YORK - The Lowell. An Art Deco refuge on the Upper East Side betwen Park and Madison Avenues. It has 60 rooms furnished with French and Oriental prints and log burning fires.

SAN FRANCISCO - The Sherman House. A private hotel with 15 rooms and suites furnished in French Second Empire style, with wood-burning fireplaces and whirlpool tubs in black marble bathrooms. A block away from Nob Hill and Union Street, it has marvelous views of the Golden Gate Bridge and San Francisco Bay. A fine restaurant.

SAN ANTONIO - The Fairmount. A quiet, intimate hotel with 20 rooms and 17 suites each different in design and appointments. It is three blocks from the Alamo and has a first-class restaurant.

LOS ANGELES - Bel-Air. A private, secluded hotel set in gardens a mile west of Beverly Hills and 10 miles from downtown. It has 99 rooms, including 33 suites. A fine restaurant for al fresco dining on a bougainvillea-draped terrace.

RIO DE JANEIRO — Ouro Verde. On Copacabana Beach, intimate, Swiss managed, with 61 spacious rooms. Restaurant is one of the best in town.

For the Daring: Over the Andes by Bus

by Edwin McDowell

THE flight from La Paz to São Paulo takes little more than three hours. and anyone in a hurry to get from the largest city in Bolivia to the largest in Brazil has no choice but to fly. Bolivian buses and trains are not the last word in comfort or convenience, yet crossing the Andes by land is vastly more rewarding than gazing down at the mountains from a plane.

The inevitable mechanical breakdowns, the vagaries of climate, the occasional hunger pangs and assorted other vexations pale alongside the opportunity to cross range in the world at ground level if that term can properly be applied to roads more than two miles high. The Andes crossing is usual journey, but there are others: Among them are Cochabamba, a pleasant agricultural city tucked away in a valley, and Santa Cruz de la Sierra, a burgeoning city in the

Still another highlight is the op-portunity to cross the flatlands of eastern Bolivia and western Brazil, the setting of Julian Duguid's memorable 1931 travel book Green Hell" and a region that until even recently was the domain of the outlaw, the outcast and a the hardy pioneer. At Corumba, on the Brazilian border, travelers are at the gateway to the Pantanal, the 80,000-square-mile ecological sanctuary that is one of the world's great wildlife preserves. Or they can travel another 300 miles, by bus or train, to Campo Grande, the capital of the state of Mato Grosso

It had been almost a decade since I was last in the Andes, but I wanted to share this crossing with my 10-year-old son. Besides, can one ever tire of the constantly changing beauty of that majestic mountain chain, which has few passes lower than 12,000 feet?

Y OING southeast from La Paz means crossing the Cordillera Real, one of two major Andean ranges through landlocked Bolivia. While the Cordillera Occidental all but cut off La Paz and the other cities of the Altiplano from the Pacific Ocean, for centuries the towering wall of the Cordillera Real effectively prevented the integration of those cities with the eastern two-thirds of the

Then in the early 1920s, pioneering aviators began flying across the Andes, their daring not only surthe 19th century.



Passengers boarding the bus for Cochabamba.

When we learned that the next mountain staring at wave after daytime train for Cochabamba left wave of soaring peaks, some of an woman appeared at the side of them turbaned with snow. Now the road near a sharp curve, her the cheerless bus terminal. Buses for most distant Bolivian cities de- like The Little Train That Could part mainly at night, but several and when it descends it is all the utes later the bus ground to a halt make the 11-hour trip to Cocha- driver can do to prevent its barrelbamba during the day. Shortly before 8:30 the next non Ball.

morning our backpacks were stowed amid boxes and crates atop the Cisne Imperial bus, and soon ers with sturdy hearts could ask for. afterward the red, white and blue Volvo roared away, trailing a think in the road. mixture of dust and exhaust fumes. Our crew consisted of a driver with three day's stubble and two equally unkempi assistants. As it turned out, their most notable contribution was to insure that the music from the intercom never fell below a deafening roar.

While the Bolivian passengers who crowded the narrow seats and iammed the aisle maintained a stoic silence throughout the trip, the Bolivian women expressed themselves in another way - by their colorful clothing. Their ponchos and rebozos are as bright and varied as the hues in Joseph's biblical coat, and many also wear the bowler hat that is said to have been brought to Bolivia from Britain in

Although La Paz is almost 12,000 feet (3,650 meters) high, it lies at the bottom of a narrow basin. Vehicles must climb in order to cross the Cordillera Real, but for

crumble the psychological barriers. found ourselves halfway up a high motor without looking back. ing downhill like the Wabash Can-those from the loudspeaker.

> For the next four or five hours Magnificent vistas greet each bend

steering wheel I have seen other tion of the road.

For some years I had dutifully clipped from various newspapers wire service reports of bus crashes in the Andes, most of them as spectacular as they were gruesome, for a blowout, brake failure or driver miscalculation at that altitude usually results in the unfortunate vehicle plunging into a gorge or sailing off the edge of a cliff. So I was not surprised, after we rounded a sharp bend, to see a truck sprawled on its back about 50 yards down the manuferencide its control of the provide food and wool while mountainside, its cargo scattered in all directions. Miraculously, the slope was gradual and the driver sprinkled with greenery, and even seemed to have escaped serious in-

in South America but also helping to one particularly long curve, we tance. Our driver just gunned his

when the bus ascends it must strain like The Little Train That Could slow down for her either, but min-

HE pilot and flight crew, as I began to think of this high-altitude trio, conferred for 10 minutes and spent another 10 On a mostly unpaved road that which enabled us to limp into an had been a path for llamas and eating place that consisted of four mules, and even now is wide or five shacks with dirt floors. Thirenough in some places for only ty minutes later the horn sounded one-and-a-half vehicles, our driver and we were on our way again, this deftly maneuvered the biggest time along a well-maintained por-

> Half way across the Cordillera Real, we were headed for the tropics though there was a chill in the air and flocks of llamas grazing by the side of the road. I don't know who was more pleased to see the llamas, my son or L Although I saw them for the first time 20 years ago, I was struck anew by how superbly equipped they are for high altitude existence — equipped, as are their equally surefooted alpaca, vicuna

Before long the mountains were several hours the ascent is barely jury. Several Good Samaritans had was tinged red from the earth. We

Inrehed to a halt, and twice our trusty crew used the Andean equivalent of baling wire to get us movBefore we developed mechanical problems, our driver had squeezed past another bus on a particularly steep hill, then overtook a truck heavily laden with wooden boxes. Both vehicles hugged the edge of the cliff as we passed, but we were also at risk. I still shudder to think what would have happened had a vehicle or even a llama been coming in the opposite direction on that narrow mountain road just as

our driver gave it the gas.

A half-hour from Cochabamba the incessant pounding of the music finally forced me to surrender. I took an aspirin and, to the dismay of my son, stuffed my ears with tissue paper, vowing that never again would I travel in South America without bringing along a set of earplugs.

When we finally limped into the

city, the last rays of daylight had slipped behind the mountains, yet it was at least 15 degrees warmer at the city's 8,500-foot elevation than it had been higher up.

After a few days exploring Cochabamba, it was on to Santa Cruz and the Brazilian border.

Other memorable experiences awaited us --- because memorable experiences await all travelers who seek them out. Yet even though this was only the first day of our journey, it was unlikely that the trip would provide thrills to compare with crossing the Andes.

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SINGAPORE CHANGI AIRPORT

Angkor Continued from page 9

ker Friendship, lowered its wheels and descended while still far out over the shallow, muddy, fish-rich lake, nowadays devoid of fishing boats except along the more secure southeastern edge.
We flew the last several miles

just a few hundred feet above the sugar paims and rice paddies in a largely depopulated landscape.
It was the kind of cautious approach American pilots once used

when flying into potentially hot landing zones in Vietnam. The perhaps the Russian pilots, who sometimes fly in the small groups of Western tourists, have orders to take no chances.

Certainly, Siem Reap airport has the abandoned, unlived-in feel still true of much of Cambodia outside Pinom Penh. The carcass of an old Caravelle jetliner near the apron was a reminder of past conflict. One sympathized with the American tourist who had taken one look round the austere terminal building and wailed: "But they told me I could buy video film here." The handful of tourists who

come in season seem undeterred by

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driven Russian version of the Fokhave heard of them, that they face dense jungle for 400 years until ker Friendship, lowered its wheels "great danger." Despite reports of rediscovered in 1861 by French "great danger." Despite reports of Vietnamese troop withdrawals, the busy market in Siem Reap is still thronged with off-duty Vietnamese soldiers. Angkor, after all, is a na-tionalist symbol for both Communist regimes that claim to govern

Angkor was built during the magnificent 650-year era of Khmer civilization, based on a form of Hinduism imported from southern India, Cambodian civilization reached its height in the 12th centu-Khmer Rouge have no ground-to-ry. Angkor consists of 38 square air missiles, as far as is known, so miles of sandstone temples, shrines, houses, causeways, reservoirs and terraces (a security nightmare), with thousands of carvings of gods and demons representing

stories from the Hindu classics. Prominent among the carvings are the sensual, bare-breasted dancing girls called apsaras, gigantic serpents and kings mounted on elephants. Cruel, bizarre tortures are also depicted, and some Cambodians claim the Khmer Rouge used similar punishments on their opponents during their years in ver. 1975-78.

In the 15th century, Angkor was abandoned after invasion by the neighboring Thais, and was lost in

naturalist Henri Mouhot, a butterfly hunter. At the time, local Cambodians who had forgotten their history told Mouhot that Angkor had "built itself."

A French custodian worked here ıntil forced out by the war in 1973. Since then, the jungles had been moving in again; water scepage, bats, insects, moss, lichen, treeroots and creepers joined in the war of attrition against the ruins.

Now, with the assistance of 400 Cambodian laborers and a couple of Polish experts, Indian specialists are spearheading the rescue effort. Because of the Khmer civilization's Indian roots, they feel well equipped for the task. "There are the same cultural influences, the ne stone, even the weather here is the same as south India," M.N. Kanade, an Indian civil engineer,

Cambodian experts from the department of antiquities said the war itself had done little damage, though a shell that hit the ruins in 1972 killed some refugees shelter-ing an ancient gallery, besides dam-aging bas-reliefs. "Overall 90 percent of the damage has been caused by vegetation and the elements," said Chea Punlok, a Cambodian

Government officials blame the Khmer Rouge for the disappear-ance of all but 15 of the superh statues of Vishnu and other Hindu deities from the "gallery of 100 statues." But Pol Pot secondly had no ideological complaint against mysterious half-smile, cannot be the temples, which he saw as the visited, and Khmer Rouge forces work of the laboring peoples. The can certainly move through the towers of Angkor Wat figure on the large outer ruins in the huge complex—flags of both Democratic Kampu- the temples are favorite sites for chea, of which the Khmer Rouge is their propaganda pictures. Aircraft the main component, and of the only stay on the ground at Siem

People's Republic.

Most likely the statues were smuggled across the Thai border in the confusion that followed the Vietnamese invasion, and were purchased by foreign collectors. Older customers were making a reappearance here. Incense was be-

ing burned in front of images of Buddha, a later addition to the Hindu shrines after the Khmer god-kings converted to Buddhism at the end of the 13th century, and of Vishnu Butterflies flitted here and there

in the ruins — it was the pursuit of such exotic tropical specimens that brought Mouhot, a lepidopterist, to the rums in the first place. But, as elsewhere in Cambodia, there was no bird-song; birds have virtually

The Indians will soon complete Asia for many years.

the first stage of their \$5 million. six-year project, the restoration of west gate. Work is under way (though now halted until the end of the wet season) on the library building wreathed in scaffolding "By the time we are finished," Kanade enthused, "Angkor will look as it did in the 12th century."

Not all Cambodians are so en thused about this rebuilding -even recarving, plus the liberal use of cement to bolster the foundations and the application of chemical cleaners to restore the original light brown hue. "Something of the quality and mystery of the mins may be lost," one Cambodian specialist said in Phnom Penh.

Chheng Phon, the minister of culture, agreed there were "many tion work being undertaken by India, the only non-communist nation represented diplomatically in Phnom Penh. "But remember," he said, "the dark color, which is how Angkor has been known in recent times, is moss. If it is not cleaned off, the stone will be caten away

As our group walked in the silent inner reaches of Angkor Wat, using umbrellas as parasols to shelter ourselves from the oppressiveness of the sun, there was no suggestion of the closeness of war. But security remains an issue, and is likely to increase in importance if the Vietnamese troop withdrawal goes

ahead as promised. nes, the nearby Bayon. with its 200 stone faces, each with a visited, and Khmer Rouge forces Reap for a few hours, and apparently never overnight

Prince Norodom Sihanouk's old residence was being spruced up near Angkor, and Cambodian staff at the renovated Grand Hotel imagining that correspondents are the fount of all knowledge — asked me if I thought it meant the prince would soon return from exile

With reconciliation talks between Sihanouk and Hun Sen, the PRK prime minister, about to resume in Paris the return of the prince to Cambodia (and surely to the Ang kor he loves and where he doce lavishly cutertained state guests with performances of the Royal Ballet with Angkor as backdrop) remains a

James Pringle, a former News-week correspondent, has covered



TRAVEL

The Sun on the Table

ARIS — Last spring, when the Mi-chelin guide handed out its latest string of stars, José Lampreia, chef and owner of the Maison Blanche. was not really happy. Michelin had given him a star, making him a card-carrying member of the French culinary establish-

The dissatisfaction was a bit tongue in neek, of course, for a French chef would

· PATRICIA WELLS

have to be crazy to totally ignore a nod from the Michelin. But Lampreia, who probably gets more media attention that any chef in Paris save Joëi Robuchou, rather liked the role of successful nontraditionalist. Lampreia and his six-year-old Maison

Blanche have become something of a phenomemon. While numerous restaurants that succeed with Michelin have empty tables at lunch and dinner, Lampreia has lines at the door at 10:30 at night. Here two services, an exception in France, are the norm, And he is not giving the food away. The current average bill, including wine and service, hovers

Maison Blanche doesn't look like the others, either. Polished wooden floors, Oriental

Cooking at Maison Blanche, filled with scents and aromas of the Mediterranean.

reflects José Lampreia's love for this part of the world.

rugs, giant sprays of flowers remind you of California sunshine, not the neighboring Porte de Versailles.

So is all the fuss worth it or is this just restaurant hype? No hype, really. Lampreia, born in Portugal but raised in France, has figured out what the public wants today and be gives it on a silver platter. It is worth it for those who want food that is free-spirited, original, not like the others yet still oddly

Lampreia — like his counterparts at Pile on Face, Olympe, La Cagouille and L'Assiette in Paris - has shown the food world that there is room for new styles, new flavors, new concepts. There is room for more than traditional and classic cooking, and you don't have to have gone to hotel school or spent 10 years peeling carrots to figure out how to make a restaurant work. This doesn't

mean his way is better, just that it's different. The slim, dark-eyed chef opened Maison Blanche with no formal culinary training, just a love for manual work and for cooking. a love that blossomed into a full-fledged passion. His cuisine, filled with scents and aromas of the Mediterranean, reflects his own love for this blessed area of the world. Sweet figs, Morocean spices, garlic, ginger, fresh coriander, preserved lemons, and sweet Italian balsamic vinegar play a supporting

role here, adding character to a food that is at once boldly flavored, incredibly uncomnicated and refreshingly imaginative. In nearly every dish, one considers the sun, whether it's Morocco, Portugal, the south of France or Italy. Even his wine list looks to the south, with an extensive offering of wellpriced wines from the Rhône Valley, Provence and France's southwest, as well as a complete selection of eaux-de-vie from Etienne Brana's Basque country estate.

Although all the outward signs at Maison Blanche are modern, the feel is cozy, warm and welcoming. Giant glass jars of preserved fruit sit atop the bar (a collection of recipes from Lampreia's grandmother in Albufeira), and the mean includes many classic bistro favorites, including a traditional boeuf mode and a rich, golden riz au lait. Yet in his hands, homey, old-fashioned dishes become somehow up-to-date. He turns soothing mashed potatoes into a majestic dish, flavoring the purée with virgin olive oil from Portugal and black olives from the south of France. Riz an lait becomes a rich, volup-tuous cross between mom's rice pudding and sinful crème brulée.

And while his food has a sense of fantasy, it is never frivolous. It is pretty, but never precious. Throughout, Lampreia has a knack for logically combining peasant fare with luxury-line ingredients: He poaches lobster and marries it with sliced potatoes; he sautés fore gras and sets it atop a galette of celery root; his now famous mashed potatoes serve as a platform for perfectly cooked turbot. Even leeks — the vegetable the French like to call the poor man's asparagus — become regal fare as he sprinkles them with black truffles from Provence; wraps them around a plump, poached oyster and sets the package in a pool of beef broth; cuts them into thin shreds, fries them ever so quickly, and uses them like a little bundle of straw to garnish a perfect Breton scallop sauced with a blend of balsamic vinegar and port. He also brushes salmon with honey and Moroccan spices sprinkles it with a friture of leeks, and sets all atop a perfect galette of well-seasoned cous-

Lampreia uses a mimimum of butter, just a touch of oil, and no heavy sauces in his cooking, and although his food is light and asily digestible, one does not feel the least bit deprived. While neither his food nor his restaurant fit a definable mold, one quickly understands that nothing is left to chance The crusty sourdough bread served at Maison Blanche is among the best in Paris. baked in the turn-of-the-century wood-fired oven at the nearby Moulin de la Vierge bakery. Lampreia loves fish, and loves to cook it, and each morning at 2 A.M. his fish is selected by a trusted merchant at the Rungis wholesale food market outside Paris. Twice each week, he goes to Rungis himself to pick the herbs, vegetables, meats and spices used at Maison Blanche. The effort

has paid off. And reservations are in order. Maison Blanche, 82 Boulevard Lefebvre, Paris 15; tel: 48.28.38.83. Closed Saturday hunch, Sunday and Monday. Credit card: Visa. 235-franc menu at lunch only. A la carte, 500

José Lampreia Puts | Rediscovering Utrecht's Canals and Cellars

by Theodore James Jr.

TRECHT, Netherlands - Should you mention Amsterdam or The Hague to an Utrechter, he will say with just an iota of condescension. "They are new cities." Utrecht is indeed the oldest city in the Netherlands, dating to around A.D. 48, when the Romans built a fort on what is today the epicenter of the

city, Dom Square. Traditionally, Utrecht has been known as the City of Churches. There are 17 medieval churches, all restored, within the city limits, and much of the country's religious history was forged here. Since 1636, the year its university was founded, the city has been an intellectual and cultural center.

The Christian Franks built a church on the site of the Roman fort in about 650, but it was soon destroyed by the Frisians. Then, in 692, the Franks, under Pepin II, offered financial and military support to the English missionary Willibrord, who established residence as a bishop in what was then called Trecht. He converted most of what is today the Netherlands to Christianity.

During the Middle Ages, Utrecht prospered, commerce thrived and the city became the most populous and important in the region. It was during this era that the canals were dug and cellars and quays built. Those cellars play a significant role today.

During the last few decades the city has developed at an accelerating pace, to the point that today it has close to 250,000 inhabitants. With the growth have come positive changes. Utrecht has always had an overlooked treasure: the six or so miles of canals in the inner city, primarily the Oudegracht, or Old Canal. They were lined with inoccupied cellars at canal level and first stories just below street level. After centuries of apathy, these quarters were turned into stylish boutiques, restaurants, cafés - an extravagant circus of pleasure and animation. A flurry of architectural restoration and the installation of innovative new museums ensued. Undiscovered Utrecht is now indeed ready to interest visitors.

HE best way to see the city is on foot. You may want to avail yourself of the walking tours that originate at the VVV, as Dutch tourist information offices are called, at 90 Vredenburg near the heart of the old town and within a short stroll of the Oudegracht. A 90-minute tour costs about \$3.50 (calculating the Dutch guilder at 50 cents). Brochures and city maps are also available at the office for visitors who wan: to tour on their own.

The facades of the buildings are lavishly decorated with architectural detail, antique signboards and ancient sculptured trade symbols. At Wittevrouwenstraat and Plomtorengracht, there is a richly carved, painted, bakery shop sign that hangs from an ornate wrought-iron bracket. The sign reads Utrechtse Speculaas, announcing a type of cookie that has been made in the city since medieval times. At the corner of Lange Nieuwstraat and Catharijnesteeg the doorplate of a small meat hall features a handcarved, wooden bull with a wreath of acanthus leaves around his neck.

And as you crisscross the Oudegracht or walk along the promenade that flanks it on either side, note that each corbel beneath the decorated with sculptures in bas-relief. There are hundreds of them. For example, at No. 80 there is a ship in bas-relief, at 122, a man playing a harp, at 159, a bust of Medu-sa, and at 343, St. Martin, the patron saint of the city. A project that is unique in the Netherlands, the embellishment of the canal walls throughout the city, began over 50 years ago and continues today, with commissions bestowed periodically to sculptors to

render yet another corbel.

A good place to start a tour is at Dom Square, the historic center, for it includes the cathedral, cloister and the Dom bell tower. The interior of the cathedral, built from 1254 to 1517, has been undergoing restoration since 1979. The adjoining cloister dates from the 14th century and the 367-foot high bell tower is the tallest structure in the Netherlands. The cloister contains a fountain and is decorated with a series of bas-reliefs illus-trating scenes from the life of St. Martin. Visitors can also see St. Martin on a weather vane at the top of the tower, seated on his

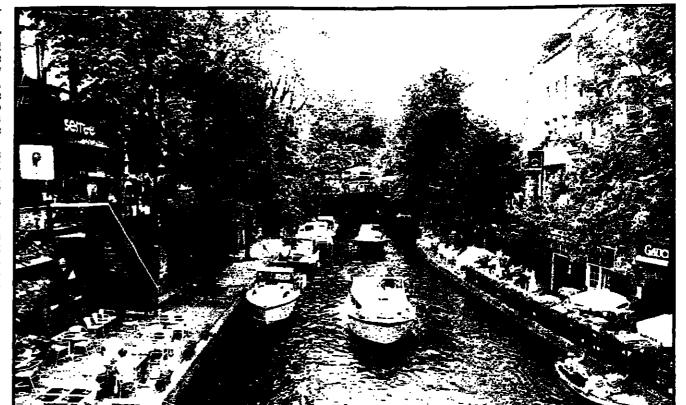
horse, cutting off part of his coat to give to a beggar suffering from the cold. The tower, built between 1321 and 1382, contains two chapels; St. Michael's, the bishop's private chapel, and the Egmondkapel, where a permanent exhibition of the history of the tower is installed. The 31-ton bells in the tower, with names like Salvator, Magdalena, Martinus and Adrianus, ring out across the city at regular intervals, as they have for centuries. You can climb the 465 steps to the top, passing through mazes of alleyways and up and down staircases, all designed to confuse hostile pursuers, but only with an accompanying guide. From here you can see as far as Rotterdam, 35 miles (56 kilometers) to the southwest. The tower is open on weekends the year round, from noon to 5 P.M. From April 1 to Oct. 25, it is also open Monday to Friday from 10 A.M. to 5 P.M.

A short walk away is perhaps the most captivating of all Dutch museums, the National Museum van Speelklok tot Pierement (From Musical Clock to Street Organ). The museum has the reputation of being the country's happiest, and it is filled with every conceivable kind of mechanical music-making machine: barrel organs, music boxes.

abilities a lot of choices. At St. Anton, in the Ariberg region of western Austria, the ski area is considerably

the village of St. Anton and then taking the Vallugagrat train, which goes to an altitude

Joe Kirwin is an American journalist who



Restaurants and shops line the Vecht River Canal in the old town.

flute clocks, singing canaries, singing snuff boxes, street organs, pianolas, orchestrinas, early jukeboxes and player pianos. After a number of years in temporary quarters, the collection was permanently installed in 1981 in the restored and recycled Buurkerk, Utrecht's oldest parish church and the largest Gothic church in the city. Most of the building dates from the 15th century.

Among the treasures in the collection is a 1926 Steinway Duo-Art grand pianola. We heard a piano roll of Paderewski playing his Minuet in G. Since the piano rolls used in the Steinways here played not only notes but also duplicated the original dynamics, one hears the music as the Polish composer played it. A glass-domed speeldoos (musical box) features tumbling waterfalls, ships bobbing on rolling oceans and hummingbirds jumping from branch to branch in time with

But the grandest and perhaps most invigorating of the mechanical instruments is the 101-key Mortier Dance Hall Organ, invented and manufactured in Antwerp, Belgium, during this century. The resounding rhythms from this organ, with its clashing cymbals, booming bass drum, xylophone, castanets, triangle and even cowbells, reverberated through the former cathedral at sound levels in a league with the noisiest of contemporary discos. Dance hall organs reached their peak of popularity in the 1920s and 1930s and during one visit the music ranged from foxtrot, two-step and tango to an intensely vigorous Charleston.

The Rijksmuseum het Catharijne Convent is the museum of the history of Christianity in the Netherlands. Housed in the restored 15th-century convent of the Utrecht Knights of St. John, it was formally opened by Queen Juliana at a ceremony in 1978, and contains the nation's largest collection of medieval art. Its quality lies in the thematic, rather

than chronological, organization of the art.
Walking through the museum, the visitor learns about the introduction of Christianity to Holland, the Protestant Reformation, the Counter-Reformation and subsequent religious landmarks in the nation's history. Among the exhibits is the large white Imperial alb, embroidered with gold brocade, that was presented to the Church of St. John in Utrecht by Frederick Barbarossa in the 12th century. Rembrandt's "Baptism of the Eunuch" is also here. The exhibit of derisive art is perhaps the most playful, with examples of Catholics poking fun at Protestants and vice

THER museums in the city include the Historical Costume Museum which contains costumes, accessories and fabrics from the early 18th century to the present, and the Dutch Railway Museum, displaying many historic locomotives and carriages.

But it is the hidden streets and alleyways of the old town, adjacent to the Vismarkt, the fish market, across from St. Martin's Bridge in the middle of the city, along with the promenades, cases, boutiques and restaurants along the canals that are the special charm of Utrecht. Street life here is bustling as young women with baby carriages, ubiquitous bicyclists, pet owners with an array of dogs on leashes, ultra-smart women and punk rockers sporting the latest electric hairdos promenade. Flower stalls are filled with buckets of cut anemones, tulips, gerbera, freesia; fruit stands offer strawberries, cherries, apples and pears, book dealers display their volumes, and on Saturday afternoons, folk singers and dancers perform in traditional Dutch style.

Along the Oudegracht, at street level, are all manner of boutiques and shops, offering kitchen ware, antiques and the latest in fash-

A good place to meet local people is in the traditional Dutch pubs called bruine cafés, or brown cafés, some centuries old. They are clubby, atmospheric, wood-paneled places, often with dartboards and billiard tables. They are open from late morning until

Two typical brown cafés are the Graaf Floris on the Vismarkt and the Tapperij de Luifel at 35-36 Neude, Visitors should sample some of the snacks offered at the bar: bitterballen, fried meat balls served with hot mustard: sate, beef on a skewer with peanut sauce, and the cheese, the cumin-flavored Leidse and Freise with clove, both far more interesting to the palate than the bland Gouda and Edam. These are good places to reflect on both the traditional and the contemporary Utrecht.

Theodore James Jr. is the author of "Landscaping: A Five-Year Plan," to be published this month by Macmillan. He wrote this for The New York Times.

An Indian Designer Goes **High Fashion With Saris**

by Barbara Crossette

EW DELHI - To the outsider's eye, an Indian san is six yards of exquisitely woven cotton or silk. To the Indian woman, it is a proud national symbol that has never been seriously challenged or undermined by

To Satya Paul, however, the sari is a palette on which the patterns of nature, the geometrics of graphics or the design details of a rich artistic history can be splashed on before the cloth is draped around the female body, creating a work of kinetic art. - S. Paul, as he is known on his signature

label, is making India's first designer saris.

Other people may dabble in the art, he says, but only he presents choreographed "collections" in the style of Paris fashion houses. He and his 20-year-old son, Puncet, are also turning the sari into bold new shapes for the most avant-garde of Indian women and for export to the West and Japan. Some of his silks take on a Grecian drape; some swing over loosely gathered trousers. The classic san—tucked and folded and

draped without fasteners — is still at the heart of Satya Paul's commercial operation. The business, Paul Salon, is run from a high-tech loft showroom in New Delhi that, Paul admits, was influenced by his six-year sojourn in the United States and Europe.

"The sari is one of the most beautiful and one of most ancient of dresses," he said as he and his son unfolded one striking length of cloth after another. "This is also the only dress that takes the shape of the woman who wears it." The sari, he said, has "feminine poise and grace in it" and adds something to a style of life that no other dress does. "Even when a poor lady wears it she looks richer,"

legendary among ski aficionados: Le Bré-

Paul, who began designing his own clothes and those of his friends while still a schoolboy in New Delhi 30 years ago, never had training in art. He began his career exporting Indian fabrics made by hand loom.

His success allowed him to take an extended world tour in 1980. When he returned two years ago, he was brimming with new impressions and weighted down with prints of art. He had images of redwood forests and Japanese seascapes. "I am influenced by all the elements of life around me," he said.

Six collections of extraordinary saris followed, including one based on works in the Museum of Modern Art in New York. In other collections, he has made trans-Asian connections rarely seen in any medium in New Delhi. There are saris of finest South Indian silk punctuated at the shoulder by Japanese calligraphy. There are lengths of cloth bordered in stylized Cyrillic script or the ancient patterns of Bhutan. As a joke, there is a san peppered with blowups of the visas in his passport.

Paul and his son fight a two-step war to keep the work they sell traditional while marketable. They traverse India cajoling weavers to do the untraditional: make a horizontal pattern diagonal, for example. Then they tackle the buyers of the Western world, where stores do not always understand why it may take four months to weave one piece of cloth.

Paul's saris are expensive by Indian standards, \$100 and up. in some cases, the work involves the production of costly brass-inlay wood blocks for printing, or the spinning of thousands of skeins of silk. "Sometimes it's very cumbersome," Puneet Paul said. "That's why this part of India is dying."

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Looking for Snow Continued from page 9



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evishly energined the performance of the state of the possituli? James Prince week correspondent And for many

vent and Aiguille des Grands Montets. Of the two, the best early season snow can be found at the Grands Montets. With a northem exposure and La Croix de Lognan, the new chairlift at this area has helped eliminate the long lift lines that were common. The cable car at the top is a gateway to a glacier that is reachable only after walking down about 200 iron steps. The trail is marked and, without a guide, you should never leave it. The run goes through a narrow gap in the ice and rock and then opens up to a high bowl that offers skiers, intermediate and above, a challenge.

The Point de Vue, always with good snow, parallels the Giacier d'Argentière, which is skiable only if you have a guide. From the top, you can also ski to the Mer de Glace glacier, down to the valley and to Chamonix.

On the other side of the valley is Le Brevent, the oldest skiing area in Chamonix. Its upper trails are good candidates for early

where high altitudes and glaciers make them snow but they are also extremely steep. legendary among ski africionados. Le Bréteamed up to provide a single lift ticket several years ago and are now connected by a bus service. They are considered remote by some people, but that can also make them attractive. The elevation of each village tells the early season story as Val d'Isère is 1,850 meters while Tignes is 2,100 meters. Both are as high as any major resort village in the Alps and that is why the World Cap skiing circuit begins its season every year at Val d'Isère-Tignes. It is fairly safe to assume there will be good early season skiing throughout the two areas, which offer 116 lifts and more than 300

> d'Isère-Tignes with a guarantee are Le Fornet and La Grande Motte. The cynosure of the Le Fornet area is the Pissaillas Glacier or Le Pays Désert as it is known. At 3,400 meters, the area can be reached easily from Val d'Isère, where two cable cars whisk you to the base of the Le

kilometers of trails. The two regions at Val

experts, there are excellent off-piste trails. La Grande Motte, also about 3,400 meters high, has a wider variety of terrain. It is one of the few glaciers that offers skiers of all

lower. Connected to Lech, St. Christoph, Stuben and Zürs by lift ticket and bus service, St. Anton's highest peak is 2,811 meters. And at that altitude it is open only to experts. But if there is going to be early season snow at any major resort in Austria you will find it at St. Anton. For the beginner and intermediate skier, there is plenty of good skiing by riding the Galzig train out of of 2,400 meters. You can also reach this area from St. Christoph by riding the Christoph cable car and the Schindlergat chair.

Fornet area. For intermediates and lives in Stockholm.

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Stock of Sears Surges

On Takeover Rumors

bisco Inc. by management.

After the opening imbalance, the New York
Stock Exchange said it had contacted Sears
asking it to disclose any information that might

explain to discuss any information that might explain the trading activity.

"The company stated that its policy is not to comment on unusual market activity or rumor," the exchange said. A spokesman for Mr. Perelman also declined comment.

Analysis said that many institutional investors remain frustrated at the pace of Sears's

restructuring efforts.

John Landschulz, an analyst with Mesirow & Co., noted that Sears planned to sell the Sears Tower in Chicago, repurchase 10 percent of its stock, emphasize discount prices and spin off the commercial unit of its Coldwell Banker real

"While they are on the right track, they've done nothing that's a hindrance to a takeover."

Mr. Landschulz said.

Mr. Perelman, who acquired Revion for \$1.9

billion in a bitter 1985 buttle, waged an unsuc-cessful campaign to take over Gillette Co. in

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NYSE Highs-Lows CHICAGO — Shares of Sears, Roebuck & Co. jumped in active trading on Thursday as Wall Street decided the big retailer might be taken over despite a proposed restructuring aimed at discouraging corporate raiders.

A surge of buy orders halted trading in the stock briefly, and it closed up \$3 a share at \$46 on heavy volume.

Speculation that the investor Ronald Perelman, chairman of Revion Group, would bid \$65 ALLTEL CO CRS Sirring Century Tel s CrownCrk s EdisonBres FrCityland Harkelancp Krober wi Lil. Co ptX Not Stand PhelpsDod pt Stattery Gp UAM WridValu ATMOS CapCities Caggiorner Derff SSIpri Energen First Fed Interton Lasile Fey Macmilion New Engel RJR Nob SwstAiri UnivFds s nan, chairman of Revion Group, would bid \$65
a share had already pushed Sears's shares up in
after-hours trading on Wednesday.
A buyout at that price, which would come to
nearly \$25 billion, would exceed the current
record bid of almost \$21 billion for RJR Nabisco line by management. .OWS 27

AMEX Highs Lows

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Source: UPI.

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Dow Jones: base 100: Dec. 31, 1974. Market Guide Chicoso Mercantile Exchange International Membership Exchange International Membership Exchange Of Chicoso Mercantile Exchan New York Coton Exchange New York Coton Exchange New York Membership Exchange New York Membership Exchange Commodity Exchange New York Mercantile Exchange New York Membership Exchange Cary Board of Trade 99-21 90-4 89-22 89-8 88-25 88-14 88 키-6 90-5 90-5 89-8 88-27 88-27 88-27 88-27 88-27 88-27 88-27 88-27 91-7 90-5 90-5 89-8 89-8 89-8 89-14 Dividends U.K. Insurer **Explains French**

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Stock Purchase Reuters
PARIS — Eagle Star, the British .20 12-15 11-18 .30 12-1 11-10

insurance group that is a subsidiary of BAT Industries PLC, said Thursday that it bought 7 percent of a French holding company for financial reasons and not to em-bark on a raid on the privatized

bank Société Générale.

Christian Ferry, chairman of Eagle Star France, said, "We did not buy into Marceau Investissements because we knew Société Générale was a target." Addressing a news conference, he added, "It was a financial operation."

Fagle Star paid 120 million

Eagle Star paid 120 million French francs (\$19.7 million) for the stake in Marceau, run by Georges Pébereau, and 100 million francs for 3.2 percent of a Marceau unit, SGIP. Marceau and SGIP have bought 9.16 percent of Société Générale. Last week, Mr. Pébereau ob-

tained clearance from the official. banking committee to take up to 20 percent of Société Générale, provided SGIP says who its sharehold

ers are.

The bank has said it is hostile to Mr. Pebereau's move.

Mr. Ferry noted that BAT has Mr. Ferry noted that BAT has four main activities: tobacco, paper, retailing and financial services. Eagle Star's support of Mr. Pébercau was part of its strategy to develop its financial services business in Europe, he said.

Eagle Star did not take the stake to gain use of the bank's natural.

to gain use of the bank's network for its insurance sales because Ea-gle Star considered itself a niche player in France, he said.

London metal prices were not

available in this edition because of

To Our Readers

ransmission problems.

حكدًا من الأحول

ERIDAY, NOVEMBER 4, 1988

Herald Eribunc. BUSINESS/FINANCE



Seoul Will Aid Daewoo

♦ Shipbuilding Unit Says It Could Face Bankruptcy

> SEOUL — Economic planners in South Korea are working on a financial aid package for the heavilaindebted shipbuilding unit of giant Daewoo Group, Trade Ministry officials said Thursday.
>
> Daewoo Shipbuilding & Heavy
> Machinery Ltd. is sinking under
> debt of more than I trillion won
>
> (S. & billion), the officials esid

(\$1.4 billion), the officials said.
Kim Woo Choong, head of the
Daewoo Group, has said the shipmilding unit could face bankruptcy and asked the government to

Daewoo Shipbuilding has had agmerous difficulties this year. The expoern, which employs 14,000 people and owns South Korea's second largest shipyard, was the scene of labor unrest earlier this year and has suffered from a slump in the shipping industry.
"Economic ministers discussed

the Dacwoo problem recently and agreed that the giant company must not be left to go bankrupt," skid Choi Kyong Sok, director of the shipbulding division in the Trade Ministry.

. Daewoo Group has 28 member mpames and is one of South Korea's largest conglomerates. It reported combined profit of 35.2 billion won in 1987, including a net loss of 69.4 billion won by its shipboilding unit.

A company spokesman said many Daewoo companies had guaranteed the shipbuilding sub-sidiary's debts and its bankruptcy could endanger others in the group.

The company spokesman said Daewoo was asking for state assistance now because its problems stemmed from a government order in 1978 to take over a huge, indebt-

FAt the time of the takeover, the revernment promised Daewoo that the Korea Development Bank would hold a 49 percent stake in the shipyard, but the KDB now has far less than that share," the spokesman said. The development bank is state-run.

jobs and would have political and economic repercussions throughout the country.

California Vintners Faced With More Imports

By Lawrence M. Fisher New York Times Service

CUPERTINO, California -Erratic spring weather and two years of drought have dramatical-ly reduced this year's crop of northern California's premium grapes, putting the state's vint-ners in an economic bind and at risk of losing market share to im-

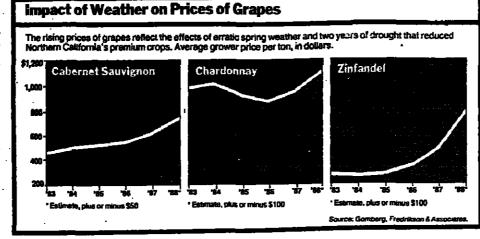
With grape prices tripling in the past year and a half, the vint-ners can either raise wine prices and risk competition from cheap-er imports from Enrope and South America, or hold prices down and lose profit margins.

-"There are already inroads being made" by low-priced wines from overseas, said Jon Fredrikson, a partner in Gomberg, Fredrikson & Associates, a San Francisco-based wine industry consulting firm, "and once these guys get on the floor it will be very hard to displace them."

Michael P. Benziger, a partner in the Glen Ellen Winery in Sonoma, which will ship 2.6 million cases this year, said he was con-cerned that high grape prices and inexpensive imports could chiminate the popular premium niche for domestics. "Those guys are waiting to eat our lunch," he said.

The grape shortage hit hardest at the most dynamic part of the wine industry: producers of popularly priced premium wines, the \$4 to \$5 chardonnays and cabernets sometimes called the "fighting varietals."

Makers of higher-priced wines will feel the pinch as well, but that market is considerably less price-



Paul Draper, master wine-maker at Ridge Vineyard, held two clusters of grapes: one a plump bundle of perfect, ripe ca-bernet sauvignon; the other a sickly looking stem dotted with unformed and partly formed berries among the firm purple

"There," he said, lifting the second bunch, "that's what hap-pened to the California grape

The impact of the weather varied from place to place, and among different grape varieties, but by all accounts the area most severely affected was the north coast, which contains the regions associated with California's finest wine grapes: Napa, Sonoma and Mendocino.

In contrast, the shortage of Napa and Sonoma grapes made 1988 a boom year for central



Paul Draper compares damaged grapes with healthy ones.

In Monterey County, which lent harvest because there was no sirable than those from the north

produces grapes that are considered good, but generally less degrapes' bloom time. The July heat

See WINE, Page 15

Macmillan Agrees to \$2.5 Billion Maxwell Bid

tion services giant.

Ministry officials said the gov- " If carie one day after the Delament had decided to help the ware Supreme Court effectively shipbuilding concern because its blocked Macmillan from proceed bankruptcy would mean the loss of ing with an agreement to sell the

Macmillan said in a midafternoon announcement that its board

had determined that the Maxwell offer was "in the best interest of all shareholders" and recommended

The company became a takeover

led by the wealthy Texan. Robert M. Bass, proposed a \$64-a-share buyout. The company's shares were trading at about \$50 a share at the

Mr. Maxwell joined the fray in mid-July and had been embroiled since mid-September in a bidding war with Kohlberg Kravis.

viser, Robert S. Pirie of Rothschild

Inc., said he was confident that the publisher would get enough shares to secure control of the company. He said at midday that the Bass

group had advised him it planned tender its 2.5 million shares to Maxwell. That block is almost 10 percent of Macmillan's 27.8 million shares outstanding.

The Bass group was believed to ave acquired its stake for about \$60 a share, giving it a \$75 million profit on the investment before ex-The takeover fight included a se-

See BID, Page 15

Nabisco Managers Bid \$20.7 Billion, Top KKR

Kohlberg Kravis Roberts & Co. F. Ross Johnson, president and chief executive officer of RJR Nabisco, said the management group led by him, together with Shearson Lehman Hutton Holdings Inc. and

Kohlberg Kravis, the Wall Street buyout specialist, has offered \$90 a share for 87 percent of RJR Nabisco's stock and securities of the same value for the remainder. Its bid values the company at \$20.3

RJR Nabisco's shares rose 25 cents to close at \$87 on the New York Stock Exchange.

By Patrick L. Smith

Internutional Herald Tribune

sensitive trade surplus is expected to begin rising again in coming months, reversing a decline evident

earlier this year and renewing con-

cern that the nation faces another

round of damaging trade friction.

Citing new pricing strategies, production shifts and other adjust-

ments among Japanese manufac-

turers, economists and government officials say that Japan's powerful

exporters appear to be poised for another assault on overseas mar-

kets in coming months, after mak-

ing modest gains in exports over

likely to decline significantly from recent levels, chiefly because per-

sonal and industrial demand is

dropping from the unusually high

levels reached earlier this year. The

exacerbated by recent falls in the

price of petroleum, which accounts for almost 10 percent of imports.

impact of this decline is likely to be

At the same time, imports are

the past year.

TOKYO — Japan's politically

ATLANTA — The management stockholders," Mr. Johnson said. of RJR Nabisco Inc. announced "Our offer will be good for the Thursday that it would offer nearly company, its employees and the \$21 billion in cash and securities communities we serve because our for the food and tobacco giant, management group would bring topping the earlier record bid by the continuity and know-how needed to insure the continued longterm success of the business."

The management group put RJR Nabisco into play when it announced two weeks ago that it was considering a \$75-a-share, or \$17 billion, offer to take the company Salomon Inc., had offered \$92 per share — \$84 in cash and \$8 in

Kohlberg Kravis, the leading leveraged buyout firm in the United States, quickly followed with its

The buyout group has received commitments for the required equity and subordinated bridge loans, Mr. Johnson said in a preoared statement.

trade picture have quickly dissipat-

ed fears that the dollar's apprecia-

impediment in the process of adjusting global trade imbalances.

exports have gathered in recent

strength is now viewed as being of

minor importance.

all over again."

Given the momentum Japanese

Speculation that RJR Nabisco's management would unveil a bid Thursday had pushed up Nabisco

Japan Trade Surplus

Appears Set to Rise



Nabisco's Ross Johnson

stock \$1.125 a share before Mr. Johnson's announcement.

Sources close to the situation said that talks between Mr. Johnson's group and Kohlberg Kravis broke off last week, but had later been revived.

Another leveraged buyout firm Forstman Little & Co., reportedly has been considering entering the battle for RJR Nabisco, which rep-resents the biggest takeover offer

RJR Nabisco's board issued a statement Wednesday inviting other interested parties to bid for the 19th largest industrial concern in the United States, maker of such brands as Winston cigarettes and Oreo cookies. tion over the summer would be an.

Charles Hugel, who is chairman of the committee of outside directors appointed to review takeover proposals, said the panel believed this will serve the best interest of all shareholders."

months — they reached record levels in both August and September In a leveraged buyout, most of - the brief period of dollar the purchase price is borrowed money that is repaid with the acquired company's cash flow or as-"Japanese exporters were put to set sales. The leaders of Kohlberg Kravis

the test, and they've obviously passed it," said a trade analyst in reportedly have fought the RJR Japan."They've found new niches Nabisco battle because they are inin overseas markets and they're go- tent on retaining the firm's preeminence in leveraged buyouts. The pursuit of RJR Nabisco has ing to be very competitive in them

come amid a series of giant deals Thus hopes for a significant reduction in Japan's global trade surand a flurry of interest in the food plus have more or less disappeared sector. Kraft Inc. has just agreed to since the Finance Ministry pub- a \$13.5 billion sweetened cash offer from Philip Morris Cos., another lished the current-account balance tobacco giant, while Pillsbury Co. continues to battle a \$5.23 billion While many economists anticibid from Grand Metropolitan PLC

and Macmillan's senior manage

NEW YORK — After months of strongly resisting, Macmillan Inc. on Thursday threw its support behind the British publisher Robert Maxwell's \$2.5 billion takeover of-fer for the publishing and informa-

The move paved the way for Mr. Maxwell's successful completion of his \$90.25-a-share tender offer for all of Macmillan's shares and furthered his goal of becoming a major power in publishing in the United

ing with an agreement to sell the company to an investment group that included the buyout firs Kohlberg Kravis Roberts & Co.

Mr. Maxwell's tender offer was to expire at midnight Thursday, and he said he would purchase the stock Friday if he received at least half of the company's shares.

that they accept it.

The Macmillan board also took steps to dismantle its poison-pill defense against the Maxwell offer.

After the Macmillan announce-ment on Thursday, Kohlberg Kravis said it was dropping its tender offer of \$90.05 a share in cash and Mr. Maxwell's top financial ad-

STABILITY IS A FAST-MOVING PURSUIT.

for September last week.

See JAPAN, Page 16



Head office: 96-98 rue du Rhône, Geneva, tel. 022/37 21 11 or 32 65 80. Branch offices: in Zurich, Babnhofstrasse 20, tel. 01/219 61 11: tn Lugano, Via F. Soave 1, tel. 091/20 28 82; in London, 24 Grafton St., tel. (1) 491 22 11; in Nassau. Beaumont House, Bay Street. Luciembourg: Trade Development Bank (Luxembourg) S.A., 34, Avenue de la Porte-Neuve, tel. (352) 41893. In Asia, for private banking information, please contact American Express Bank Ltd. in Hong Kong and Singapore. In North America, for further information, please contact American Express Bank International in New York Miami. Los Angeles. Beverly Hills. San Francisco and San Diego.

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PRIVATE BANKING SOLUTIONS IN SWITZERLAND

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Chief Executive at UBS Sees Problems Ahead for Banks in Switzerland

ZURICH - The Union Bank of Switzerland expects results this year to match those in 1986, the chief executive Robert Studer said Thursday.

The bank had net profit of 776 million Swiss francs (\$517.7 million) in 1986, although profits fell 3 percent last year to 753 million

But Mr. Studer said prospects Volkswagen's ADRs Could Serve as West German Model for 1989 and beyond were not as favorable. The uncertain outlook for world economic growth and Switzerland's stamp tax on securities transactions pose potentially

AEG to Buy Stake In Siliconix Inc.

SANTA CLARA, California -AEG AG, a member of the Daimler-Benz group of West Germany, said Thursday that it would purchase a substantial stake in Siliconix Inc. and would work with

instripower semiconductor products under long-term agreements. The transaction, valued at about \$48.8 million at market prices, will Bive AEG a stake of 39 percent in onix, which is planning to issue additional one million new shares of common stock. The pur-chase price was not given.

serious problems for banks in the country, he said.

This year, he said, higher volume business is suffering from the globand the firmer dollar were pushing. lier levels despite continuing pres-

lowing the plunge in equities in October 1987, Mr. Studer said.

Looking ahead to 1989, the and the firmer dollar were pushing al downturn in trading activity fol-net interest income above year-ear-lowing the plunge in equities in globalization, fewer and fewer customers will be willing to transact

of a Swiss money market that professional money managers desire. Liberalization of EC capital flows in 1990 will weaken Swiss National Bank's position that all bond and note issues denominated in Swiss francs be lead managed by

Bank income from foreign ex "Added income from the livery social arrange abroad that they could arrange abroad much less or even no tax liability." change, banknote and precious pletely make up for loss of income, with less or even no tax liability." Swiss-domiciled banks.

FRANKFURT - Volkswagen AG's creation of a sponsored American depositary receipt facility, in an effort to broaden its appeal to overseas investors, may serve as a model for other West German companies, analysts say.

Volkswagen ADRs, each representing one-fifth of a VW bearer share with a par value of 50 Deutsche marks (\$28), began trading on the U.S. over-the-counter market last week. That will make it more convenient and less expensive for Americans to invest in VW, analysis say. VW is the first West German company to launch a sponsored ADR.

An analyst for Citibank in London said an-An analyst for Citizank in London said another German company had completed the necessary steps for a sponsored ADR program, but was waiting to announce it with year-end results. He declined to identify the company. Analysts said likely prospects included BASF AG, Bayer AG, Hoechst AG, Siemens AG and Daimler-Benz AG.

"A lot of companies are realizing the global-ization of equities markets and the globaliza-tion of their own products fit in with having lar among British companies, a London analyst

world," the Citibank analyst said.

Stringent U.S. Securities and Exchange in 1983, 155 are British. Commission requirements, which demand much more detailed company disclosure than firms may now be ready to follow their lead, West German regulations, have kept German

firms from seeking official listings.
But in establishing a sponsored ADR facility, companies are generally granted an SEC ex-emption and they file only the information required under West German law, said Andreas won Buddenbrock, vice president of J.P. Mor-gan GmbH. J.P. Morgan & Co. is the deposi-tary for Volkswagen's ADRs, which had previously been trading on an ansponsored basis.

Most West German multinationals already have unsponsored ADRs, but with one depositary bank acting as a sponsor firms can better control how many instruments are issued, Mr. von Buddenbrock said. Unsponsored ADRs have lost popularity in the United States because they often carry dividend restrictions and brokerage fees are generally higher, he added. The possibility of obtaining an SEC exemp-

their shares available on markets around the said. Of the 200 companies worldwide that have adopted this instrument since its introduction

Traditionally conservative West German said Hans-Joachim Pilz, equities analyst for the Bank in Liechtenstein.

"This would help them get a foot in the door," Mr. Pilz said, "and then if they do want a full listing in the U.S., they will have gained valuable experience in dealing with the SEC."

Peter Schlelein, spokesman for VW, said the company would not seek a full listing until the SEC regulations for foreign companies are

"We are keeping a close eye on the require-ments and if we see an easing of policy, then it's a good possibility we could apply," he said.

VW's decision to create a sponsored ADR facility is part of the company's larger scheme to increase its visibility internationally, Mr. Schlelein said. The company has made presen-tations in Paris. London and New York, plus a series of more low-key investor symposia in other large U.S. cities, he said. A Tokyo listing is also planned, he added.

Brazil Pact to Boost Banks' Profits

Interest Payments, Buyout Fees Clear Way for Charges

NEW YORK — Resumption of interest payments by Brazil on \$67 billion of bank loans plus lucrative fees from leveraged buyout deals will provide banks with the cushion necessary to begin

restructurings in the fourth quarter, analysts say. Brazil and Crubank announced on Wednesday that an \$82 billion debt restructuring package had been completed, which will allow the nation to start drawing funds by the middle of the month. The package should enable Brazil to bring interest payments to commercial banks up to date and in turn boost U.S. commercial banks' earnings.

The loan agreement, reached in June and signed in September, will give Brazil \$5.2 billion in new loans. It also reschedules old loans and covers various short-term trade loans.

The agreement will enable Brazil to bring back interest payments up to date for the first time since February 1987, when it declared a moratorium on interest payments to banks. From that time the banks had put their Brazilian loans on a nonaccrual status, meaning they would not count interest as income until it actually came in.

Brazil is the developing world's largest debtor, with \$120.3 billion of external debt.

This quarter, banks will be more aggressive in writing off problem loans, including those to de-veloping countries, to Texas and to the real estate sector, analysts said. They said banks would also close branches and fire people.

"We might see some unusual expenses or aggressive posting of loan losses in the fourth quarter," said Cheryl Swaim, an analyst with Oppenheimer

& Co., "especially since Brazil and leveraged buyout income will mitigate" adverse effects.
"Banks will take 1989 expenses in 1988," she added. "We are looking to the fourth quarter for

1.1

house cleaning."

Lawrence Cohn, an analyst with Drexel Burnham Lambert, said, "The fourth quarter is going to be a terrific quarter, partly because of Brazil and partly because there are zillions of leveraged buyont deals in the marketplace. If banks have problems, this is the time to clean them out." "All the big banks have room to do more re-

structuring, every single one," he added. "BankAmerica Corp. is talking about taking a big restructuring charge in the fourth quarter," Mr.

Norman Jaffe, an analyst with Fox-Pitt Kelton Inc., said the fourth quarter may also see some margin shrinkage as banks fight to attract inves-tors to their certificates of deposits. CDs bought by investors seeking safe investments after last year's market collapse are now coming due, he noted.

"Investment banking fees ought to be stronger, especially for the major LBO players: Manufacturers Hanover Corp., Bankers Trust New York Corp. and Citicorp," said Stephen Berman, an analyst with County NatWest USA.

Mr. Cohn said that before taxes, booking Brazilian interest this quarter will boost bank earnings per share by \$6 for Mannfacturers Hanover and Chase Manhattan Corp., \$3.50 for Chemical Banking Corp., \$2 for Citicorp and BankAmerica, \$1.50 for Bankers Trust, and \$1.25 for J.P. Morgan &

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Rothwells Applies for Receivership Italy Joins

PERTH, Australia — Rothwells Bid. formerly a high-flying invest-ment bank, announced Thursday that it had applied to the Supreme Court to go unto receivership with about 500-million Australian dolais (\$412 million) in liabilities.

The news put an end to months of speculation about the merchant hank's liquidity and two days of alks to find a financial backer for the company. The investment bank said the filing was prompted by its ailure to resolve a credit crisis

"The negotiations continued onstop, but the company was still thort of the necessary credit facilities," the managing director, Tony Bloyd, said in a statement. "At that time, there was no alternative but apply to the court."

The move follows an injection of nore than 700 million dollars in financial help and guarantees from the Western Australian State Gov-

BID: Maxwell Wins

(Continued from first finance page) nes of rancorous courtroom battles, but Wednesday's decision by the Delaware Supreme Court gave Mir. Maxwell the edge.

The court ruled that Macmillan

management had unfairly tipped Kohlberg Kravis about Mr. Maxwell's latest offer during a bidding auction in late September, enabling Köhlberg Krayis to submit a higher bid and obtain an option to buy four key Macmillan operations for \$865 million if the merger fell through.

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The court blocked the Macmillan merger agreement with Kohl-berg Kravis as well as the lockup provision on the sale of the four

Bert Boksen, who follows the publishing business for Raymond lames Financial Corp. in St. Pefersburg, Florida, said Mr. Maxwell's buyout effort amounted to the "the first successful hostile takeover of a domestic publishing operation.

He said it was also helped by the dollar's decline.

Among the recent acquisitions are Pearson PLC's \$283 million parchase of Addison-Wesley Pubthing Co.: News-Corp.'s \$300 million acquisition of Harper & Row Publishers; and Hachette SA's 3450 million buyout of Grolier Inc.

Mr. Maxwell has long stated his intention of making Maxwell Communication Corp. into a global communications giant. The London-based company had revenues of about \$1.5 billion last year. He was thwarted last year in an

effort to acquire Harcourt Brace Jovanovich Inc., a Florida-based a recapitalization plan instead. Mr. Maxwell owns printing op-crations that have made him the Second largest U.S. printer, and he announced plans last week to buy the airline guides operation of Dun & Bradstreet Corp. for \$750 mil-

Mr. Piric of Rothschild said Mr. Maxwell indicated that he had no plans to sell any of Macmillan's

But Mr. Boksen said that if Mr. Maxwell did sell something to help pay for the takeover, it would likely be the Katherine Gibbs secretarial and Berlitz language schools and Gumps retail operations.

Macmilian earned \$70.7 million on revenue of \$955.8 million in

Its publishing operations including textbooks accounted for about 46 percent of its sales and 41 perreent of its operating income in 1987, while information services such as legal databases and directories comprised 24 percent of its 1987 sales and 40 percent of its ernment and its agencies, Bond Corp. Holdings and a panel of companies arranged by its chairman, Alan Bond, and the former Rothwells chief executive, Laurie

Connell, who resigned Monday. The state government has been criticized for supporting Rothwells since last year's world stock collapse, both directly and through major deals with agencies such as the State Government Insurance

The federal attorney-general, Lionel Bowen, and Prime Minister Bob Hawke have resisted requests to open a commission of inquiry into the decline of Rothwells since

Despite the woes of Rothwell. National Australia Ltd. said a 150 million dollar credit line it extended to the investment bank had been repaid. The bank chairman, Nobby Clark, said in a statement, "The bank is satisfied that there is no reason to make any write-off or

of this facility."

When appointed, the receiver will take charge of the affairs of the company until all debts are paid. Rothwells, based in Perth, first

encountered financial difficulties just after the collapse of global equities in October 1987, which sparked a run by depositors. The an Commission on whether France concern relinquished its license to should exclude British-made Nisdeal in securities last November.

not immediately clear how badly they will be hurt. Western Australia's financial

tion, hoping there would not be an

overreaction. As an investment bank, Rothwells is not subject to regulation or supervision by the Australian central bank, the Reserve Bank of Australia. The bank also has no obligation to help Rothwells' depositors.

Net Profit Increases 32% For Akzo in Third Quarter

AMSTERDAM - Akzo NV reported Thursday that net profit in earlier.

the third quarter rose 32 percent, to 206.3 million guilders (\$103 million) from 155.8 million guilders in the year-earlier period. The chemical group said net profit per share climbed to 5.13

guilders in the latest quarter, from 3.87 guilders a year earlier. The company's dividend remained the same at 1.50 guilders. Net sales rose to 4.13 billion guil-

ders from 3.87 billion guilders. Op-erating costs totaled 3.78 billion guilders, up from 3.62 billion guilders, while operating income stood at 352.8 million guilders, compared with 253.9 million guilders. By business, operating income broke down as follows: chemical

products, 192 million guilders, compared with 95 million guilders; man-made fibers, 2 million guilders, compared with a loss of 24 million; coarings, 67 million guilders, from 64 million; pharmaceuticals, 82 million guilders, from 80 million; miscellaneous products, 16 million guilders compared with 7

guilders in the quarter, compared with 63.1 million guilders a year

The company also reaffirmed that it expected net profit for the full year, before extraordinary items, to be significantly above the 1987 level of 669 million guilders.

"We believe that the current strong performance will continue in the fourth quarter," the company said. Akzo said that its investment

and acquisition activity would remain intensive and that it was considering shortening exercise time on warrants outstanding to bolster its capital base quickly. A spokesman later said the re-

mark concerned two million warrants outstanding sold in 1986 for 48 guilders each. One warrant gives the right to one Akzo share for 120 guilders if exercised before Sept. 1, 1991. If all the warrants were fully exercised, capital would increase 5 percent.

Akzo noted that it had spent 300 million guilders on takeovers in the first nine months of the year and had 900 million in cash balances at the end of the third quarter, un-Akzo paid taxes of 100.5 million changed from the end of 1987.

provision in its accounts in respect Battle Over Nissan Sales

ROME - Italy would like to be included in a ruling by the Europesan cars from its strict import quo-Rothwells has an estimated tas on Japanese cars, a Foreign 1,000 small depositors but it was Trade Ministry spokesman said Thursday.

Italy has a ceiling of 3,300 car imports a year from Japan, but sector treated the news with cau- allows a further import quota of European-made Japanese cars, set this year at 10,500.

France insists that Bluebird cars made in England by Nissan Motor Co. of Japan should be included in a quota limiting Japanese car imports to 3 percent of the French market, arguing that less than 80 percent of the cars' content is European and that the cars are therefore

The British government has complained to the European Commission. It says that the cars should qualify as European-made as they have 70 percent European content The Italian foreign trade minis-

ter, Renato Ruggiero, has now written to the commission asking that any ruling on the French-British dispute be extended to cover

The British-made Nissans are not included in either Italian quota. However, the Italian government would include them in the quota for European-made Japanese cars if the European Commission ruled in favor of France in its dispute with Britain, the ministry spokesman said.

The ministry spokesman said Italy believed that the definition of a car as Japanese or European should depend not only on percentage content but also on the quality of the European workmanship in-

Italian imports of Japanese cars were running at 13,775 units in the first nine months of this year, virtually up to the ceiling for the whole year and representing just 0.8 percent of the domestic market. No Nissan Bluebirds have so far

been imported into Italy. France and Italy have long been noted for a restrictive auto import policy, while Britain and West Germany are relatively liberal.

WINE: California Must Hold Prices or Face Imports

(Continued from first finance page) was also less intense than in Napa. "This was my best harvest ever across the board," said Richard Smith, president of Valley Farm Management Inc., and of Monterey County Wine Associates. It was also "without a doubt the best detextbook publisher that underwent - mand year since I've been growing

grapes."
I don't recall ever asking a winery for a higher price," he said. ding each other it got ridiculous." Mr. Smith sold 200 tons of 1988 zinfandel for \$900 a ton, compared with \$316 a ton in 1986, and "lots of chardonnay for \$1,600," up from

\$768 two years ago.
"It's ridiculous because I'm concerned for the long term," he said.
"I don't need \$900 a ton to make a living, and I don't want \$900 a ton to mean the wineries have to raise

prices to the point where people buy Italian wine or German wine." On the north coast, the high prices and demand are likely to speed a planting spree already un-der way, which could recreate the grape glut of the early 1980s.

"When you have dramatic price increases, farmers rush in to plant more acres," said Mr. Fredrikson, the San Francisco consultant "They are accelerating the wine grape cycle to the point where we're fearful of an oversupply within two

But to meet the current shortage, Charles F. Wagner, president of Caymus Vineyards, imported bulk Chilean cabernet and chardonnay for his low-priced Liberty School brand, shocking many of his Napa The cost of anything we could

find in this country was prohibitive," Mr. Wagner said. He said he was not certain the Chilean wine would remain available for the long term, but he said

he was not concerned: "Down the Many growers saw their smallest harvest in recent history, down by

30 percent or more from a normal The overall harvest was still the largest ever, spurred by big yields in the Central Valley. But those grapes are used primarily in mex-

pensive jug wines, a segment of the market that is slowing, while sales of premium wines are growing by 25 percent a year. As of Oct. 8, with most of the harvest complete, the total crop for all districts in the state was up 3 percent, to 2.48 million tons, while the north coast crop was down 11

percent, to 226,000 tons. Committed to producing wines from specific regions and designated vineyards, Mr. Draper of Ridge Vineyards resigned himself to making less wine this year - barely

28,000 cases instead of Ridge's maximum of 40,000 - and has not decided how to price the more costly 1988 vintage. Fortunately, quali-ty was high despite the difficult weather,

Other vintners, unable to find suitable California grapes at a reasonable price, imported grapes or bulk wine from overseas. Much of this wine was labeled in such a way that its origin, while not disguised, was not immediately apparent.

Although Caymus packaged Chilean wine under its Liberty School brand, it used a different label. Canandaigua Wine Co. mar-keted a white zinfandel that announced its origin in Brazil in tiny

Trader Joe's, a large Southern California retailer, bottled varietals from France for its house brand, with labels very similar to its Cali-

Grape growers say the drought played a role in the short crop, but a greater problem was the peculiar weather last spring. During the cru-cial period when the vines flower and the grapes begin to form, or set, late rains and wide swings between warm and cold days disturbed the maturation process, producing small green berries that never grew into full grapes. Extreme and unusual heat in

July compounded the problem for

U.S. Assails Bonn on Airbus Subsidy

BRUSSELS - A senior U.S. of- dollar to a level of 1.60 DM.

ficial expressed concern Thursday about a plan by the West German government to protect Daimler- would represent "a big additional Benz AG against fluctuations in obstacle" to resolving a U.S. disexchange rates as part of a deal pute with Airbus. involving Airbus Industrie.

Alfred H. Kingon, the U.S. amnity, said in an interview that if the gress," he said. "But if the German reports of the proposal were true, government is going to subsidize its "that would be very, very trouble-some for the United States."

"Once you get into government subsidies on exchange rates," he said, "you're opening up a Pandora's box."

part of a package the government has worked out to allow Daimler-Benz to take a 30 percent stake in Messerschmitt-Bölkow-Blohm GmbH, a German state-controlled aerospace company.

If approved, the plan would allow Daimler-Benz, West Germany's largest industrial concern, to go ahead with a restructuring of the German aerospace industry.

It would also phase out the 20vernment's involvement in Airbus Industrie, a four-nation European consortium that competes with Boeing Co. and McDonnell Douglas Corp. The four governments in Airbus are Britain, France, West Germany and Spain.

The deal would transfer West Germany's share of Airbus, now controlled by MBB, to Daimler-

The plan would grant 5 billion Deutsche marks (\$2.8 billion) in new subsidies for Airbus over the next 10 years. About 2.6 billion DM of that would go to protect Daimler-MBB from any Airbus loss on the A-300, A-310 and A-320

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models caused by a decline of the terms of exchange rate guarantees. then what do you do for all the Mr. Kingon said the proposed risk guarantees for Daimler-Benz other industries in your country? Is every government going to guaranwould represent "a big additional tee against loss because of ex-

"We've been working very hard with the Europeans to solve that bassador to the European Commu- problem and making a lot of pro-

Airbus consortium member on exchange rate guarantees, we've never accepted that.

"If you subsidize one industry in

i's box." The exchange rate guarantees are BOEING: Poland to Lease Jets

about a possible 767 sale. He said Maley had leased Boeing 737s, a smaller twinjet, through a third

Any sales to Eastern-bloc nations must be approved by the U.S. departments of state, commerce and defense, to ensure that technology with critical military applications is not transferred to Communist countries.

The Yugoslav airline, JAT, has long been a customer of Boeing, as has the Chinese government. Tarom bought two 707s from

Boeing in 1973. Richard Albrecht, executive vice president for sales and marketing with Boeing Commercial Air-planes, said Wednesday that "we're hopeful of receiving some orders from Eastern European compa-

He said Boeing would like to sell jets to the Soviet Union, Although company officials talked to the Soviets in the mid-1970s about selling some airplanes, nothing ever came

of it. However, he said, Boeing officials talked again with representatives of the Soviet aircraft industry

change rate fluctuations?"

government on Monday.

Martin Bangemann, the West

German economics minister, said

the government had discussed the

proposal on Wednesday, but no

final decision was made after last-

minute objections from the Free

Democratic Party, the junior coali-tion partner. He said he expected

the plan would be approved by the

■ Britannia Orders Boeings

last year at a San Diego air show.

(Reuters, AP)

The British charter airline Britannia Airways Ltd. said Thursday that it had ordered eight Boeing 767-200 aircraft, providing the second British sales coup for Boeing in two weeks, Reuters reported from

The deal, which is worth £590 million (\$1.05 billion) is also Britannia's biggest order in the 26 years it has been operating. British Airways PLC, the British

flag carrier, said on Oct. 21 that it had signed a memorandum of understanding with Boeing for the supply of aircraft worth a minimum of \$1.78 billion.

Net at KLM Rises 26% on Traffic Gains

AMSTERDAM - KLM Royal Dutch Airlines surprised the stock market on Thursday with a jump of 26 percent in net profit for the second quarter of 1988.

Profit rose to 180,3 million guilders (\$90 million) for the quarter ending Sept. 30 from 143.0 million a year earlier. Profit per share was 3.41 guilders, compared with 2.81. KLM shares closed on the Amsterdam stock exchange Thursday at 40.10, up 1.20 guilders.

The airline said pretax operating profit was 234,2 million guilders, up from 143.0 million a year earlier.

Brokerage analysts said a strong expansion in the air-line's traffic was at last showing results. "KLM has shown a constant rise in the load factor for two years but it never showed up in profits until now," said Bas Rijke at the Mulco brokerage. KLM has been allowed to

subtract past losses from current profits for decades. But after more than 10 years in the black, it may now start paying out, analysts said.

The airline said it expected net profit for the year to be at least equal to last year's 314 million guilders.



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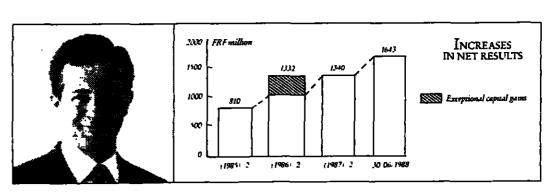
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A MARKED INCREASE IN RESULTS

- Net banking income: 6.4% higher than in the first half of 1987.

- Administrative expenses: up 7.4% compared with the first half of 1987. This rise is due mainly to the development of both French and foreign subsidiaries engaged in specialised financing and capital market activity.

- Gross operating profits: FF 4,776 million, up 4% on the first half of 1987.

- Net profit: FF 1,643 million, up 22.6 % compared with the first half of 1987, of which the Société Générale Group's share is FF 1,438 million (up 21 %).

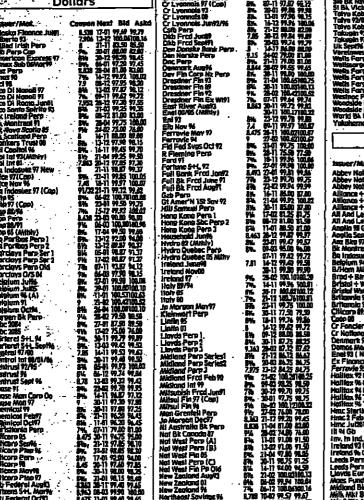
INCREASE IN SHAREHOLDERS' EQUITY

Shareholders' equity has increased by 5.8% since 31 December 1987 and by 11.7% over the year. After the dividend payment in the form of shares and the September issue of convertible bonds, the potential increase in shareholders' equity is equal to 21.4% of the equity on 30 June 1988.

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Dollar Inches Up in Quiet New York Trading

Compiled by Our Staff From Despatches NEW YORK — The dollar advanced slightly Thursday in quiet trading reflecting short-covering before U.S. employment data to be released Friday, dealers said.

They noted that the closure of the Tokyo market for a holiday left the market with little direction. Earlier this week, strong Japanese selling of dollars pushed the currency below the important 125 yen level, despite efforts by the U.S. and Japanese central banks to support the dollar

"The market is still bearish," said John Lynam, a vice president of Security Pacific International

Dealers noted that in addition to the employment figures, the market was awaiting the results of next week's U.S. election.



The U.S. currency inched up to 124.575 yen at the close, from 124.325 at Wednesday's close, while it advanced to 1.7783 Deutsche marks from 1.7738 and to 1.4903 Swiss francs from 1.4888.

The British pound, which strengthened markedly Wednes-day, slipped back to \$1.7778 at the close from \$1.7815, while the dollar also advanced against the French franc, to 6.0720 from Wednesday's

In London earlier, the dollar

"The guidance for the market has been coming from Tokyo, but with Tokyo out it isn't going any-where," said Robert Hatcher of Barclays Bank in New York. The dollar ended at 1.7715 Deut-

sche marks, down from Wednesday's close of 1.7795 DM, and at 124.20 yen, down from 124.65. It closed at 1.4864 Swiss francs, compared with 1.4974, and at 6.0555 French francs, compared with

The British pound was slightly at \$1.7810, compared with \$1.7775. Dealers also said interest in the dollar was dampened by anxieties about the U.S. jobs data.

The U.S. election next Tuesday dipped in late trading to close and the perceived intention of cen-weaker after moving within narrow ranges during a dull session.

and the perceived intention of cen-tral banks to stop the dollar from falling before then kept the market on edge, dealers said.

"Those who are not strongwilled are tempted to square their positions now," said Anthony Mathers, head of treasury at Westpac Banking Corp. in London. But on the other hand, a small recovery in the dollar is a possibility - bence the range trading."

Dealers are especially looking to the October jobs data for an indication of U.S. economic strength.

Economists' median expectations centered on an unemployment rate almost unchanged from September's 5.4 percent and on the rise in nonfarm jobs to slow to 235,000 from 255,000 in Septem-(Reuters, UPI)

go their own way and prices will collanse."

Compiled by Our Staff From Dispatches OSLO -Subroto, the secretarygeneral of OPEC, said Thursday that there would be no oil production agreement at the Vienna meeting of OPEC ministers and oil prices would collapse if Iraq did not accept a production quota.

His comments were made on the reached same day that the International Energy Agency released a report saying world oil supplies ontside of centrally planned economics had risen in October to the highest level

On a visit to Oslo, Subroto, the former oil minister of Indonesia. said that if a production agreement were signed at the Vienna talks, due to start Nov. 21, the Organiza- to's remarks. tion of Petroleum Exporting Countries would make concrete propos-als on cooperation with non-OPEC oil producers.

members of OPEC, "everyone will of production curbs.

Subroto said the major problem

Subroto Sees Oil Collapse if Iraq Balks at Output Accord

facing OPEC was the persistent refusal of Iraq to accept an output quota that is less than that of Iran. enna meeting. He declined to forecast how low that Norway should continue its prices might go if an accord is not

West Texas Intermediate, the U.S. benchmark crude, rose 13 Norway's planned increase in oil cents in New York on Thursday to \$13.88 a barrel for December delivery. North Sea Brent rose 30 cents to \$12.55 a barrel in London. Traders said the market's slow

npward momentum, which began Wednesday in the United States, was briefly interrupted by Subro-Subroto, in Oslo as part of ef-

forts to seek cooperation from oil producers who are not members of OPEC, said he had asked the Nor-However, if Iraq fails to sign an wegian oil minister, Arne Oeien, agreement that includes all 13 for continued support in the form

Norway, the biggest oil producer in Western Europe after Britain, has threatened to drop curbs on the In its monthly oil-markets sur-

"We plead and ask and appeal

reduction," said Subroto. He also expressed concern about production, chiefly from new fields, next year. Norway expects production canacity to increase to 1.5 million barrels a day when its new Oseberg field comes on stream. It now pumps around i.!

million barrels. Meanwhile, the Paris-based IEA said Thursday that oil supplies on the free world market rose to 52.3 million barrels a day in October from 51.5 million barrels in September. The figures include oil production by OPEC, the 24 industri-

expansion of its output if OPEC fails to restore discipline at its Vivey, the energy agency said Middle largest share of the increase. Their output rose by 500,000 barrels a day to 14.6 million barrels a day.

The IEA estimated that total average crude production by OPEC members was near 21.1 million barrels a day in October, up from 19.6

million barrels in September. It said the entire increase in OPEC output was due to Saudi Arabia, OPEC's largest producer. Saudi production climbed from 4.9 million barrels a day in September to 5.5 million barrels, the kingdom's highest monthly level since August 1986.

The agency forecast that for 1988 as a whole, total consumption was expected to be 1.7 percent alized countries grouped in the above the 1987 level, at 36.4 million Organization for Economic Coopbarrels a day. (Reuters, AFP)

Dealers Say Rally in Gold May Not Last

LONDON - The price of gold has risen suddenly after a period when the bullion market looked almost dead, but the rally has shown signs that it could be short-lived.

Jitters before the U.S. presidential election next Tuesday and concern for the health of Emperor Hirohito in Japan, plus a speculative rally in platinum, have helped revive the gold market after two

flat months, dealers said. In London trading on Thursday, gold bullion closed firm, but well off its session highs, at \$422.35 an ounce, up about \$5 an ounce from Wednesday. The \$425 level is considered techni-

Gold futures closed lower in New York on profit taking and a slide in the dollar. Gold for December delivery was off 50 cents an ounce to \$423.70, near the bottom of the day's range. Earlier in the ses-

sion, the price went as high as \$427.20.

Gold is popular with investors when they fear higher inflation, against which it provides a hedge, or when they seek a safe haven during periods of political tension. It peaked at around \$850 an ounce early in 1980 during the U.S. hostage crisis in Iran, a time when inflation was also high.

Global inflation fears have abated recently and, while bullion analysts said new speculative buying could drive the price of gold higher, they wondered how long it could advance, especially as there is willing supply from leading producers.

Higher gold prices are in part a belated response

to a major rally in the more volatile platinum market, where there are fears about supply short-ages, and also to weakness in the dollar, experts

Platinum futures hit four-and-a-half-month highs in New York trading Thursday before retreating on profit taking.

The early advance stalled at \$592 an ounce. below the psychologically important \$600 level. Platinum for December delivery closed off 90 cents an ounce at \$577.70.

Before the drop, platinum had accumulated gains of more than \$50 an ounce in four consecutive days of trading

In London trading earlier Thursday, platinum peaked at \$589_50 an ounce before falling back to close at \$582.25 an ounce, up \$3 from Wednesday. Nick Hatch, a mining specialist with the London brokerage Kleinwort Grieveson Ltd., said, "You do tend to get gold sucked up in the wake of the

He said some trade houses had platinum/gold switch programs, which triggered gold buying once the price between the two metals widened sharply. Mr. Hatch said there was also talk that gold buying in Asia was led by speculation that Japan may issue a new gold com to commemorate Em-

Even as gold rallied, selling by producers Australia and Canada was apparent, a London dealer for a Swiss bank said.

JAPAN: Trade Surplus Expected to Grow, Raising Specter of Another Round of Friction

(Continued from first finance page)

lower merchandise surplus, they add that it is likely to be at least 1990 before this becomes apparent. Depending on oil prices, over-seas demand and other variables, the surplus in the fiscal year to next March could approach the \$94 billion reported for 1987-88.

For the first half of Japan's current fiscal year, the surplus stood at \$43.3 billion on a balance-of-payments basis. Given signs of increased exports and reduced import growth, Tokyo's official target for the year — a 14 percent drop in the surplus, to \$81 billion — is now seen as almost unattainable.

Despite progress in reducing Ja-pan's bilateral trade surplus with the United States, economists now question whether this can be sustained at a pace that would carry the process into next year. The dollar's current weakness

against the Japanese yen is one sign of anxiety about the emerging trade picture in financial markets. Among both investors and government officials, there are mount-

pate renewed progress toward a the Bank of Japan and other cen-

trai banks. In its trade with Europe, Japan's imports and exports have both in-creased dramatically this year — by 17 percent and 12 percent in the April-to-September period. But the trade gap is widening nonetheless, since imports are growing from a much smaller base.

"I think we're headed for further trade problems with both Europe and the United States," said Eric Rasmussen, chief research economist at Jardine Fleming (Securities) Ltd. in Tokyo. 'The earlier trends are all reversed, and I don't see any

easy answers for anybody."

Many economists believe Japan's trade account is likely to resame its decline in the second half of next year. In the current transi-tional phase, however, the factors that will contribute to further reductions in the surplus are ironical-

ly helping to worsen it. With the appreciation of the yen that began three years ago, Japanese industry was expected to lose its ability to compete in many tra-

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expected to reduce Japan's exports competitiveness more quickly than for the first time in Japanese histo-and to one degree or another all are we expected." now established economic trends.

themselves as strong competitors in

Exports of computer equipment in the five months through August were up 28 percent, to \$4.6 billion. Among other emerging industries, overseas sales of video cameras were up 72 percent, to \$1.8 billion: telecommunications equipment, including facsimile machines, rose

12 Mentik High Low Stock

87 percent, to \$1.2 billion. This doesn't mean the Japanese

overseas in favor of low-volume, Ministry of International Trade and my. Manufactured imports, they high-value goods. Industry, "But obviously some sec-

Japanese trade officials are look-Reflecting the globalization of Jap-ing partly toward slower growth in ancese manufacturing, for instance, Japan's major markets to reduce exports of home appliances—once the flow of exports. More funda-a substantial contributor to over-mentally, they say, the full impact seas earnings - are currently off 25 of the relocation of industry overpercent in volume terms from a seas has not yet been felt.

To demonstrate the relative With unexpected speed howev- weight of these factors, officials er, manufacturers have established point to a 65 percent rise in the value of semiconductor exports, to fields in which Japan has become \$2.7 billion, in the five months newly competitive. Most of these through August. This is partly atare less sensitive to exchange rates than consumer products.

Inbutable to a worldwide shortage, they say, and partly to demand

from Japanese subsidiaries abroad. "In some products, exports simply have to increase to keep pace with the spread of Japanese manufacturing. Mr. Kawano asserted.
This will change as overseas facilities begin producing their own

More immediately, Mr. Kawano and other officials are concerned ditional areas, shift a significant economy isn't going in the right di-, that lower oil prices will obscure proportion of production offshore rection," said Hirobumi Kawano, the progress that has been made in

Sts. Net 12 Month
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High Low Stock

without continued intervention by and rely less on high-volume sales director of the export division at the restructuring the Japanese econopoint out, advanced beyond 50 percent of total imports in September

> That, however, may prove to be a peak, at least temporarily. Industrial output in Japan, which has been a major factor in attracting imports, has dropped from an annualized rate of 21 percent a year ago to roughly 8 percent in recent

> As exports also advance to record levels, economists have concluded that currency adjustments made over the past several years have simply not been sufficient to induce the degree of adjustment in Japan's surplus that had been an-ticipated. Some Tokyo analysts estimate that the surplus in Japan's visible trade is likely to rise to a record \$100 billion in 1989.

"We've got further distortion in the Japanese trade account to come," said David Pike, chief economist at UBS/Phillips & Drew in Tokyo. "But longer term, it's more a matter of things getting some-what worse before they get better."

Thursday's

This list, compiled by the AP, core its of the 1,000.

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The World's Rendezvous With Europe

The Common Agricultural Policy / Subsidies and Surpluses

EC Restructures Programs But Avoids Timetable

The wine and milk lakes are draining, the butter and grain mountains are shrinking, and the European Community is trying to move away from the subsidy progams that created them in the tirst place.

"We are successfully tackling the problem," says John MacGregor, Brittain's minister for agriculture. "The surpluses are being brought under control."

However, he continues, the EC still has a long way to go in revamping its agricultural policy. "The disciplines of the marketplace need to be brought into greater play," Mr. MacGregor ards.

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Just how that will be accomplished remains uncertain. Considerable controversy continues, both within the EC and among its agricultural competi-

The EC is clearly reluctant to cut off all farm subsidies

tors, over the shape of future policies to ease subsidies and guarantee that such surpluses never again blight the economic landscape. An important accompanying factor is how such reform can accommodate increasing environmental concern over protection of the land.

Inside the EC, a critical question is whether new farm policies can impose a market-driven efficiency that both brings prices down for consumers but at the same time maintains income for producers.

Outside the EC, a key issue is whether agreement can be reached with trading partners and rivals such as the United States, which thinks that subsidies in Europe are being lifted too slowly. The conflict between the EC and the United States, which

wants all farm subsidies scrapped by the year 2000, may come to a head next month when General Agreement on Tariffs and Trade (GATT) trade ministers meet in Montreal.

The Common Agricultural Policy (CAP), begun in 1962 with the goal of guaranteeing that Western Europe could feed itself, has over the years used a series of quotas and subsidies to regulate production levels and prices for virtually all farm products in the EC. But it was what EC officials call a "reactive" system, responding to problems — oversupplies, undersupplies, rising and falling markets — by imposing artificial restrictions and incentives.

The EC butter mountain has been a prime example. To protect dairy farmers, the CAP mandated high prices on butter and bought oversupplies. So farmers overproduced. As the butter mountain climbed — to 1.2 billion metric tons in 1987 — storage costs rose to an estimated £1 million (\$1.76 million) a day. And the EC sold it off for less than it had paid the farmers — much of it to the Soviet Union at a 7 percent loss, not counting storage costs.

"First, EC customers were prevented from buying that butter cheaply, at world prices," says Jill Moore of Britain's National Consumer Council. "Then, as taxpayers, they had to pay for storing it. Then they paid to have it sold off to other countries cheaply."

Mrs. Moore was the director of research for a recent project that showed the weekly grocery bill for the average family of four in the EC was £13.50 (U.S.\$24) higher because of EC subsidies. "Sometimes, in order to get rid of food, the EC has to pay in export subsidies nearly as much as it

See Restructuring, page II



The Common Market / The Challenge of Integration

Europe's Food Industry: Toward a Barrier-Free Diet

Even the most artient advocates of European integration are unwilling to diminish the delights of European cuisine. New rules will be introduced to abolish non-tariff and other trade barriers on food products among the 12 European Community countries, but they will be aimed at respecting national preferences.

A report earlier this year from the European Commission's Cecchini Commission said national characteristics weigh more heavily in the food industry than in any other. The U.S. management consultant MAC Group, which prepared the agribusiness section of the report, found that non-tariff barriers in the food trade have increased rather than decreased in re-

cent years and now stand at more than 200 in ten product sectors.

Their removal would reduce costs by between 500 million and one billion ECUs (\$575 million - \$1.150 billion) a year, the equivalent of between 1 and 2 percent of food sales at manufacturers' prices. The savings would come from the use of cheaper ingredients, lower labeling and packaging costs and the absence of red tape on imports. More than 80 percent of the direct benefits would stem from lifting restrictions on six ingredients. Scrapping the ban on vegetable fat alone would account for more than 40 percent of the savings. "The single market is merely putting

steam under a process that has been

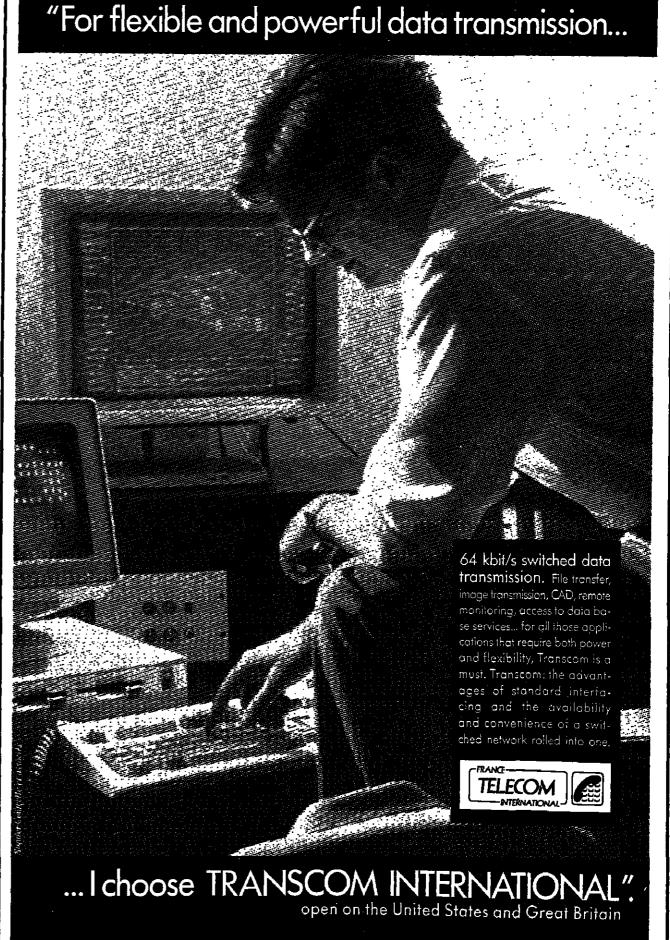
going on for a long time," commented Paul Gray, head of the Commission's Food Division. He believes the most important rules will be in place when 1993 dawns. "The five major directives to be adopted will cover additives, labeling, materials and contact (packaging), dietetics and color," he said. These concern so-called horizontal harmonization in areas like public health and consumer protection that cannot be left to national tradition. There are now about 500 food additives permitted in the Community, about half the number allowed ten years ago, Mr. Gray said. This is because testing has become more widespread and the techniques have improved.

"It is neither possible nor desirable to confine product composition to a legislative straitjacket," Mr. Gray said. "It would undermine new product development. Besides, consumer taste and preference are not matters for legislation. Even the U.S. Food and Drug Administration is moving away from food standards. Last year was the first in 30 years in which no new standard was adopted."

Jurisprudence has a vital part to play. It is based on the famous "Cassis de Dijon" case in 1979, and more recently on the rulings from the European Court of Justice in Luxembourg on German beer, Italian pasta and

See Food Industry, page III





The Figure Rendered With Europe

Interview / Floris Maljers, Chairman of Unilever

A Taste of the Integrated Market

Floris Mallers, chairman of Unilever NV and a new member of the Roundtable of European industrialists, outlined his views on the European food market, its industry and emerging consumer attitudes. The interview, which took place in Rotterdam, was conducted by Axel Krause, corporate editor of the international Herald Tribune. Following are excerpts from the

Does it worry you that, according to some reports, Europe's food consumption is expected to remain stable over the next five years and decline as a proportion of disposable income?

It is important to make a clear distinction between the North and the South, establishing Lyon as the middle of Europe. The North faces declining population, but there are many factors offsetting that trend — the ex-panding development of value added products, which depend on the advent of the microwave oven, for example. Low-calorie and convenience foods in general are also rising.

Does this mean European consumer tastes are becoming more "Europeanized" as 1992 approaches?

The answer is yes, it is happening, to a limited degree, but not nearly as fast as people believe. And large differences remain between markets.

Gould you give some examples? Frozen pizzas are now produced by

us in a number of European countries. The French prefer a bread-like texture, and the Italians a thinner crust. Similarly, looking at tomato soup, the British like it very sweet, the Belgians orefer that it be creamy. But some eating habits are changing even faster and becoming more uniform, as Mac-Donald's has demonstrated with its products.

Do products such as detergents better lend themselves to "Europeanization?'

Yes. There isn't much difference between washing a tee shirt in Copenhagen and one in Naples. As one of the world's largest food

companies, where do you see the greatest potential for growth? East Asia, I think, is the number one

What is the outlook for Unilever in

Japan, where you are already active?
We have been through a difficult period in Japan. We built up a few markets, but we were still too small to attract qualified Japanese managers. Now the situation is changing. We are the second-largest margarine seller in Japan, and have some very successful products on the market. Most of these products are made in Japan.

How will the coming of 1992 affect your business in Europe, which accounts for over 60 percent of Uni-

We look to concentration, moving toward a smaller number of larger plants in which fewer products are made in bigger quantities and at lower costs.Take dishwashing machine products. We have concentrated production in two plants on the Continent, and one in the United Kingdom. If we had not been thinking about Europe, we would have wound up with 10 or perhaps 12 production

Aren't there still many barriers to marketing food and beverages within the Common Market?

Yes, but many of the barriers are being removed. The famous Cassis de Dijon case was the starting point. [The European Court of Justice in Luxembourg ruled that Germany could not prohibit imports of Crème de Cassis fiqueur.] We now have a similar case of a barrier in Italy we could challenge and probably win, but it would take two years or more and cost a lot of

What is the specific barrier? The Italian law now says that you can only make margarine that has 80 percent fat. Low calorie margarine



"Large differences remain between markets." Floris Maljers, Unilever.

normally has 40 percent and, at the moment, is not legally allowed in Italy. How will the new EC rules affect

A product legally allowed in one country should be allowed in all others. That means it will become much easier to have commercial products available throughout the Common Market so we can also speed up product innovation and product launching, and avoid complex legal procedures every time we develop a new product. For example, it would enable us to take a German product made by our group there and, after changing

the label, sell it in Italy. At the moment

that is impossible.

What about other kinds of barriers? Meat is another very difficult area. We have large meat factories throughout Europe and we find it terribly difficult to export, because of veterinary reasons. Similarly, if you want to transport ice cream from here to the United Kingdom you need a veterinary statement. Theoretically, the products could spread hoof-and-mouth disease in the United Kingdom.

Will 1992 remove such barriers? Hopefully. But I'm not 100 percent sure. The French are the most difficult on margarine, because of the high VAT tariff they charge. The proposed harmonization of VAT taxes in the European Community will help our competitiveness in the market.

What guarantee is there that any savings from an integrated Europe will be passed on to the consumer?

The most important incentive we have, really, is pressure from our cus-tomers - the retail chains. Continuing price pressure will be there. The moment you price too high above them, you lose market share at an amazing speed.

Where is the greatest danger in growing protectionism? I believe it is in the field of agricul-

What is your reaction to the Reagan administration proposals for eliminat-

ing all farm subsidies? It is a beautiful slogan, but will it happen? Prices are much higher here because we subsidize farmers under the Common Agricultural Policy, but I believe that for the foreseeable future we will have to live with it.

Does the idea of a European company statute appeal to you here at

Not for the moment. For the past 59 years we have operated as a company with a dual nationality - British and Dutch - and it works extremely well, and I can easily see it working for

another 59 years. What about the 1992 "social dimension," and widely debated plans for greater worker-employee participation schemes that might be applied to European companies?

I would be very worried if we said that in the United Kingdom we were going to apply the German system tomorrow, because they are not prepared for It. Our German company is fully under the German co-determination system, and there we have worker-union representatives on the supervisory board. Co-determination can be a very good thing if you take the time to educate both parties to work at it.

How do you view the EC plans for monetary union?

I am not sure what difference the Central Bank idea would make to industry, but extending the EMS would be welcomed. It would be a great help to the likes of us if we had the pound in the EMS exchange mechanism. That is the first practical step toward union having the pound join the EMS. Even the Confederation of British Industry is convinced of that.

Agricultural Policy / Subsidies and Surpluses

Restructuring

Continued from page I

paid for the food in the first place," she says. By the mid-1980s, agricultural subsidies had risen to account for two-thirds of the EC's entire budget. Changes over the past four years, however, have begun to take effect and next year, for the first time, spending on agriculture will account for less than 60 percent of the EC budget. Furthermore, the EC is hoping to continue cutting the agricultural share of its budget by limiting its annual increase to 74 percent of the EC's annual economic growth

Yet Henning Christophersen, the EC budget commissioner, claims that part of the reason agricultural spending will be lower next year is that the 1988 droughts in the United States and China buoyed the demand for European products around the world. He warns that the EC will be subject to intense pressure from the farm lobby to raise European prices - a move that could again result in oversupplies at home - if weather conditions improve abroad.

Meanwhile, though the "milk lake" shrank from 789,000 to 40,000 metric tons between May 1987 and May 1988, some of the places that once helped produce these surpluses, notably parts of Belgium and the Netherlands, are now facing shortages and importing the product.

Price supports for the wine industry are also being phased out by 1991 in order to drain the "wine lake" that had grown to 10 bottles for every man, woman and child in the FC. Quotas for intervention v 1987 for cereals and beef, and earlier this year "stabilizers" were introduced for virtually all agricultural products.

The EC currently has 10 million farmers, compared with an estimated 3.8 million in the United States. As the European agricultural rationalization continues, the number of farms and farmers is expected to fall dramatically, as it has in the United States in recent decades. By the year 2000, the EC estimates the current number of farmers will be

The EC is therefore moving toward direct cash subsidies to ease the transition period, especially for poorer, smaller farms. Direct aid is already paid in a limited form for cereal growers and for farmers in some hilly and mountainous areas, and a new ald system encourages less productive tarmers to stop farming. But the details of a broader program of direct payments have yet to be worked out.

One fledgling program is a "set-aside" plan to compensate farmers for not growing their crops in the first place. This plan, due to begin next year, provides payments of £70 to £420 a hectare (\$50-\$297 an acre). The farmer's home country will use its own formula to determine these payments, depending on the size of the farm and the type of crop, and the EC should meet 40 percent of the cost.

The shape of future EC payments, however, remains uncertain despite support from the European Commission for both direct payments and a set-aside program. At a recent meeting in Luxembourg, the agriculture ministers of Britain, France and West Germany all expressed doubts. "H seems contradictory to pay people under the set-aside scheme to leave the land and pay them through direct income aids to stay in farming," commented a West Ger-

Outside the EC, the chief contention of the Reagan administration is that all forms of farm subsidy should be banned by the end of this century. Consequently, the U.S. Agriculture Department has been highly critical of the EC's refusal to go along with this deadline. Indeed, Richard Lyng, the U.S. agriculture secretary, characterizes the progress to date — changes of which the EC is extremely proud - as no more than "modest" reform.

At the last GATT summit in Toronto in June, both the EC and the United States claimed victory over a communique that was so vaguely drafted that it could be interpreted as favoring either position: U.S. insistence on a blanket end to all subsidies, or EC preference for a more gradual, short-

term, step-by-step approach.
In July, a group of 13 food-exporting nations, led by Australia, suggested a way to break the U.S.-EC deadlock. The Cairns Group proposed that when GATT's trade ministers meet again on December 5, they devote themselves to setting guidelines and a timetable that would represent an acceptable compromis

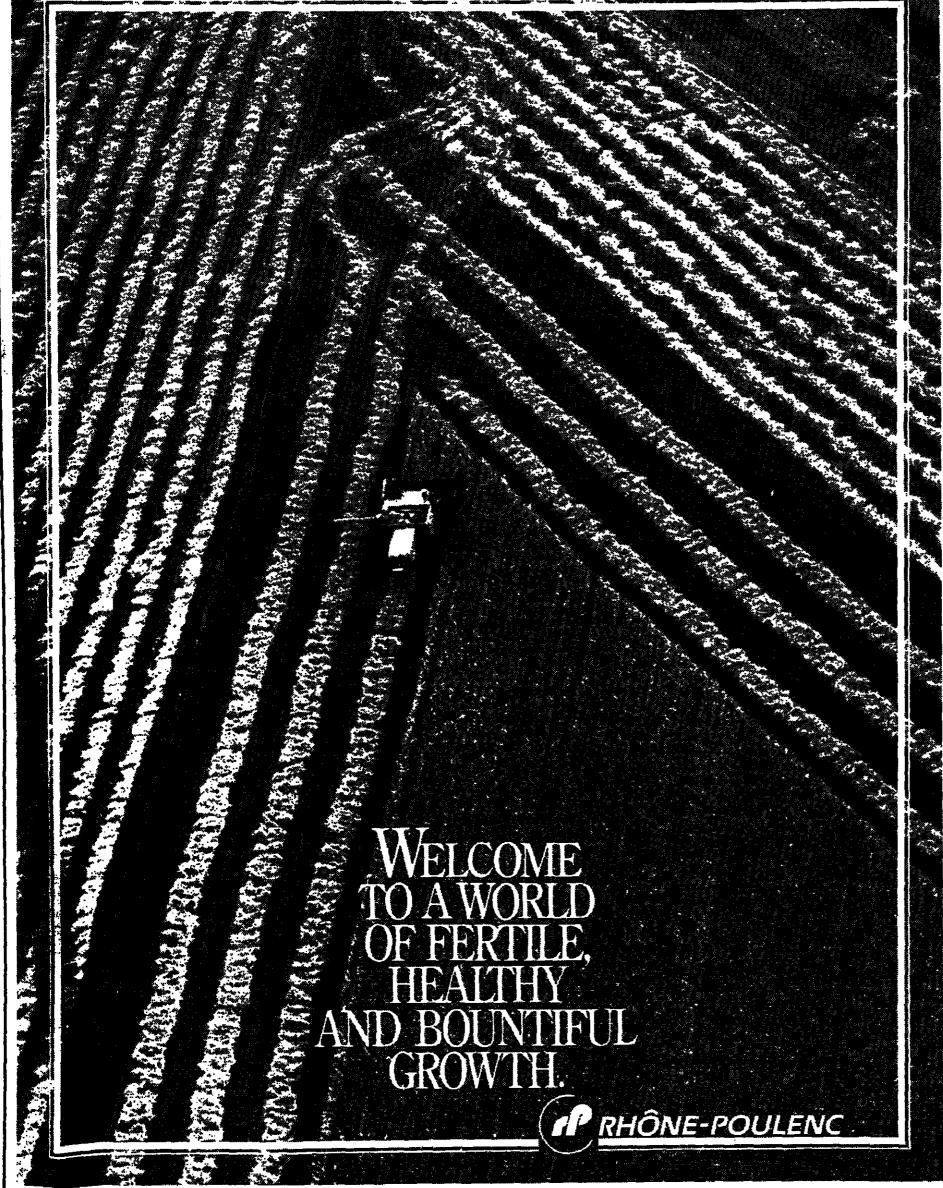
So far, though, any type of compromise does not appear imminent, either in Montreal next month or at any other time in the future; the EC says it is unwilling at this point to set a timetable for abandoning all subsidies, especially its dual-pricing system that charges more for products sold in Europe than on the world market.

The United States' position is that if Europe's piecemeal approach succeeds in partially easing the oversupply and overpricing problems, the EC will stop there and not go on to wipe out all subsidies and get at the underlying problems of world agricultural production and distribution.

The EC, on the other hand, tears going too fast. And some in Europe believe the United States has little real interest in abandoning subsidies, but instead is using the EC's public reluctance to go along with a "zero option" program as an excuse to do nothing themselve "We cannot go along with the American proposition,"

says Frans Andriessen, the EC commissioner for agricul-

ture. "It is simply not practical. We are ready to reduce barriers, but we cannot go to the opposite extreme and abandon all public measures to stabilize markets. **Timothy Harper**



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Ecology / Conservation Versus Innovation

Welcoming the Advent of **Environment Technology**

ididiali Gorbechev talks of avoid-ing ecological disaster, George Bush amilots pollution worries in his presidential campaign, Margaret Thatcher bemoans the late of the ozone layer. Politicians - the world's most efficlent barometers of changing fashion

- have discovered the environment. As part of this development, Europeans are reexamining their views on farming and high-tech agribusiness. "We need to move from production technology to environment technolegy," commented Giorgio Ruffolo, the tian minister of the environment. "We must take account of environmental restraints both in economic projections and in calculating companies operating costs," he added.

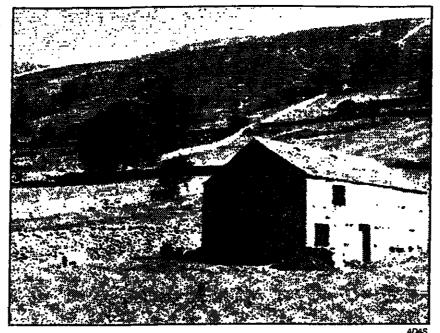
The European Commission is looking for tighter controls on land use, and wants to cut the application of chemical pesticides to the absolute minimum. It is considering ways of coping with the problems of disposal

of animal waste products, and favors the extension of subsidy schemes to producers willing to use less intensive methods.

For example, Britain has launched 19 nature conservation schemes backed by EC grants, covering some two million acres of farmland. Known as environmentally sensitive areas (ESA's), they range from river valleys in Suffolk on the east coast to the Cambrian mountains of Wales, Land plowed up to make way for crops is now being converted back to meadows, and hedgerows are being re-

"Set-aside" schemes encourage farmers to take over-exploited fields out of agricultural use, and turn them over to ecologically acceptable activities - typically leisure and recreation. Conversion of farmland to golf courses in West Germany is another

A key element of the EC Commis-



Britain's new conservation schemes cover two million acres of farmland.

sion's policy is the "polluter pays" principle. Producers who continue to cause environmental damage should bear the costs, and compensation should not generally be available for

complying with minimum standards. The Institute for European Environmental Policy is an independent re-

search body, with headquarters in Bonn and regional offices in Paris,

London and Brussels. Thierry Lavoux, who heads the organization's French network, identifies two key issues damage caused by chemicals and ethical questions raised by biotechnology developments. The latter include genetic engineering with animals, aimed characteristically at producing either more or leaner meat.

In France, for instance, the government committee responsible for authorizing new procedures is attached to the ministry of agriculture, and applies purely technical criteria in arriving at its decisions. "There is no real democratic control over the proceedings of such committees," Mr. Lavoux states. "Moreover, in companies researchers are concerned solely with their research, and do not ask themselves underlying questions."

Hans Von Loeper, director general of the Brussels-based Groupement International des Associations Nationales de Produits Agrochimiques (GI-FAP), has a different tale to tell. His association represents agrochemical manufacturers in some 50 countries worldwide, and members include such major companies such as Monsanto, Bayer, ICI, Dupont and CIBA-

"Safety is a major concern of our

industry, and we are currently working on a number of specific projects in this area," Mr. Von Loeper indicates. "For instance, we are devising new guidelines for warehousing of pesticides, and we act as consultants to the United Nations Environment Program [UNEP]."

"Replacing pesticides with 'natural" methods looks attractive at first sight, but there is no biological product that can in any way compete with chemicals for large-scale crop growing," he adds

France's environment minister, Brice Lalonde, agrees that new biotechnologies have an important role to play in nature conservation as well as in the improvement of production techniques. "The development of plants that are resistant both to insects and fungi will free the farmer from excessive reliance on chemicals," he told delegates to a meeting organized by Rhône-Poulenc last month. "Such techniques can also be used to fight against the dwindling of genetic variety in nature by building up genetic stock banks and develop-ing tissues from existing species."

The question today," believes Mr. Lalonde, "is not just how to protect nature, but which nature to choose." Michael Rowe

The Common Market / The Challenge of Integration

Europe's Food Industry

Continued from page I

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HILIPS

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French Edam cheese. The principle behind all of them is that member countries may not refuse entry to imports if the product recipe is different from their home-made equivalent.

Not everyone shares Mr. Gray's optimism on the regulatory timetable, however. In a recent interview, Jacques Delors said the directives on plant health were lagging more than any others, mainly because: "Community agricultural ministers have had many other problems to solve over the past three years."

Francis Lepatre, president of the French National Association of Food Industries (ANIA), accused the Commission of procrastination. In a speech before the opening of the October World Food Show in Paris, he said the harmonization base remains extremely vague, and that the horizontal proposals are inadequate.

"We need to have a higher priority for food laws, and proper enforcement," agrees Tony Venables, director of the European Bureau of Consumer Unions. "We also need more action on the environmental side. There are lots of good intentions, but little concrete progress. Not enough has been done yet on food hygiene standards and contaminants in the

food chain." One future topic will be nutrition, Mr. Venables said. "Nutritional advice will become an important argument for reducing production of commodities like sugar and But regulation is only about a quarter of the picture. According to Thornas Beale, a senior associate in the MAC Group's Paris office: "Competi-

tion is the driving force behind Euro-

pean integration, and companies that

are waiting to see what happens will

find they are already too late."

The MAC report predicted massive restructuring for the fragmented European food industry over the next five years. The prediction has already been borne out with half a dozen major takeovers completed or in progress since the report was completed six months ago.

Upstream, more remains to be done to reform Europe's Common Agricultural Policy (CAP), but "the main architecture is complete," said Nico Wegter, spokesman for agricultural affairs at the European Commission.

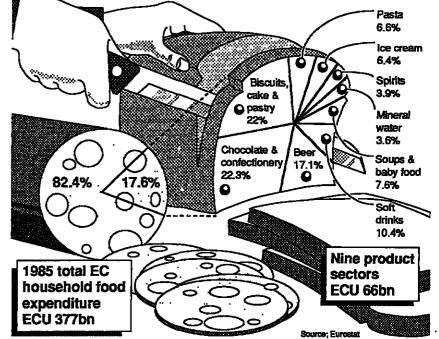
A further cloud over European agriculture is the unrelenting conflict over farm subsidies with the United States, as each side continues to accuse the other of bad faith in attempts to reduce price support.

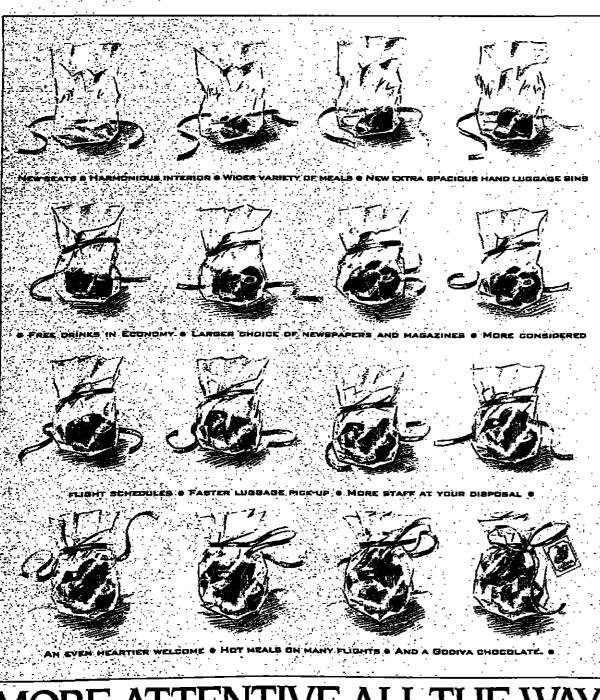
Last February the Community agreed to reduce agricultural spending by linking it to gross national product (GNP) growth. "This is unlikely to be much more than 2 percent annually in the years ahead, which is a change from the 40 percent increase between 1985 and 1987," Mr. Wegter said. Moreover, Europe is shifting

from price support to "set-aside" subsidies on farm land allowed to lie fallow, and to "extensification" of production. This is Eurospeak for the opposite of intensifying output, and means farmers in sensitive areas are paid to produce less by cutting inputs of fertilizers and pesticides.

The move is intended to help reduce farm surpluses, price support spending and damage to the environment. At the same time, the idea is to keep Europe's farmers on the land and maintain a balance between urban and rural populations. The policy aims to combine market forces with social and ecological concerns, Mr. Wegter explained, but it also means perpetuating the gap between EC and world agricultural prices. "Although we aim to narrow the gap, EC prices will remain higher," he added.

He feels the Commission would prefer to leave the subsidy issue on the back burner. "It is regularly put to one side in the euphoria of 1992," he lamented. "The irony is that a number of trade barriers have been reintroduced as a result of the policy itself."





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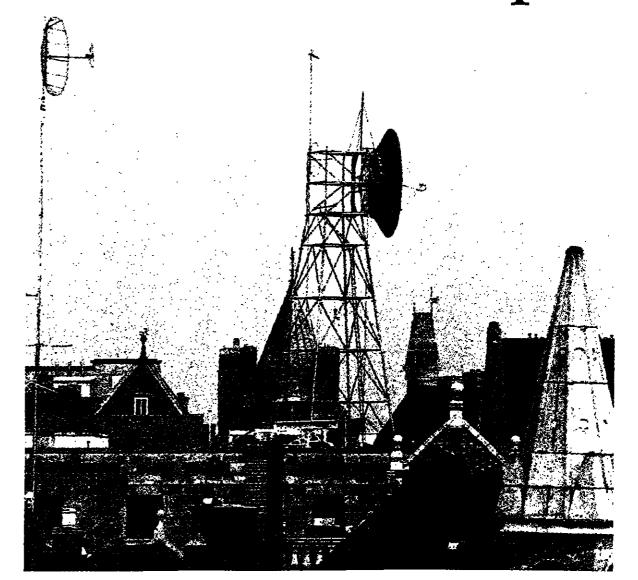
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Fig World's Rendezvous With Europe

Technology / The Farm of the Future

New Projects and Policies Planned for Biotechnology

In the world of tomorrow, lambs may need only sun and water to grow like plants. Live cows may be promed to "manufacture" blood products for the pharmaceutical industry - painlessly, so they say. To-matoes could survive in the Sahara and soy beans flourish on the Russlan steppes. Slow-growing grass will need tittle mowing. And pesticides may be banished, as scientists master the techniques of making crops resistant to disease as well as

These and many more potentially dramatic changes are just part of the so-called Biotech Revolution, made possible since the discovery of recombinant DNA (gene splicing) techniques in 1973. The implications for agriculture are so vast that every corporation in the sector, every scientist

DNA probes can predict the taste of food

in the field, is involved in massive research programs and test projects to come up with new plant varieties and new techniques.

Thanks to the generosity of the Common Agricultural Policy, and to support from EC-based banks and farmer groups, European agriculture looks poised to embark on a major modernization phase and a period of new investment.

The European Commission, under the auspices of the 1992 program, is awaiting approval for two separate projects, ECLAIR and FLAIR, designed to promote transnational collaboration in new research. ECLAIR (European Collaborative Linkage of Agriculture and Industry through Research) is budgeted at 80 million ECU (US\$68.3 million) over four years and should get final Council approval in December. FLAIR, worth 25 million ECU, should get the green light in mid-1989. The initials stand for Food-Linked Agro-Industrial Research and the program will focus on ways of improving quality, safety and nutrition in food products and food production systems. With gene manipulation, it is now possible to retard storage in fresh food and scientists assure us that DNA probes can even determine whether food tastes good and how fresh it is, with no need to refer to human taste buds.

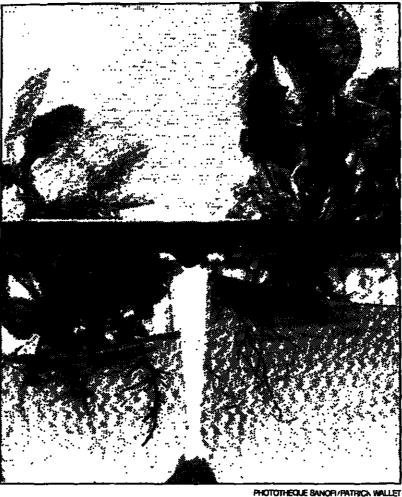
"ECLAIR and FLAIR are catalytic in nature but modest in relation to what is being spent in member states' national programs," says Mark Cantley, an EC official who heads up CUBE (Concertation Unit for Biotechnology in Europe). "Most of the advanced labs in Europe," he continues, "tend to know their American opposite number but at the same time, because of tragmentation in Europe, language problems and habits, they may not even know the chap across the border. We will concentrate research on generic problems that are holding up the whole industry."

All the new biotech products are currently at the stage of field testing and are still a few years away from marketing. In fact, experts say there will be no revolution but a period of gradual change as traditional technologies slowly adapt to new processes. The biotech breakthrough has sto-

len the limelight from other equally important high-tech developments in agriculture made possible by electronics, robotization and computers. Tractors now come equipped with onboard computers to control wheel spin and a dozen other functions; robotic apple pickers have microprocessors, video cameras and infrared technology for night operation; cows can be milked by self-cleaning, electronically guided mobile equipment; and microcomputers are being installed on the farm for a whole host of reasons, from monitoring the reproductive cycles of pigs to helping farmers cope with their accounts.

A new software market has sprung up, specifically almed at solving such problems. The Bull computer group of France reports that its sales of computers to farmers are moving ahead at 30-40 percent a year.

In the biotech field, rivalry is already intense between the world's major companies such as Monsanto and Du Pont from the United States, ICI from



Techniques such as phytotechnology allow scientists to monitor growth.

Britain, Rhône Poulenc and Sanofi from France, Switzerland's Ciba Geigy, and from West Germany, Bayer, Hoechst and BASF, all competing for a market estimated by the Japanese MITI to reach \$100 billion dollars by the year 2000. But in the United ates, smaller high-tech groups are also securing an important piece of

EC Vice President Karl Narjes from

Germany and Frans Andriessen, his Dutch counterpart, are both convinced of the need to develop new outlets for European agriculture through biotechnology. They have provided the political muscle to push through ECLAIR and FLAIR, despite the presence of vociferous critics in Germany and Denmark, as well as the continuing crusade of America's Jeremy Rifkin, who has staged more than

100 conferences and meetings in eight countries in the past 16 months, all pointing up the potential dangers of tampering with genes, be they in humans, animals or plants.

"Most serious people recognize that many of the new techniques in food and agriculture are inherently less risky than the techniques they're replacing," says Mr. Cantley, but he admits that "we're conscious of a big public opinion problem in Germany. At the same time, he says reaction within the Bundestag is becoming more favorable. Research centers like the Max Planck Institute in Cologne have led the way in transplanting foreign DNA. Such experiments open up the possibility of large-scale production of com, wheat and cereals resistant to drought, salt water or weedkillers, German legislation permitting.

However, the jury is still out on the wisdom of gene tampering, witness a recent U.S. report from the Office of Technology Assessment, attached to Congress. The authors identify "gaps in knowledge about ecological systems" and caution that continuing interdisciplinary programs are necessary to assess risk and establish risk management policies. In other words, we are unable to predict with total confidence what will happen when the lid comes off Pandora's Box. But as the president of Monsanto, Nicholas Reding, told the European Parliament in Strasbourg: "After 15 years of intense research and laboratory experiment ... there have been no acci-

sumrises." At Monsanto headquarters in Brussels, Pierre Longi, director of public affairs, reports that his company has conducted a series of public acceptability surveys in Europe which reveal vast distortions of opinion about biotechnology. Monsanto plays a leading role in explaining the biotech revolu-tion in the United States and it has extended its public relations drive to Europe.

dents, no incidents, no unwelcome

Opinion in Britain, which leads the world in animal embryo manipulation, is favorable, as it is in France, Belgium and Ireland. But Denmark passed a law in 1986, so strict that one of the two major insulin producers, Nordisk Gentofte, relocated its plant to Ireland. Several amendments have now been proposed by the Danish parliament to soften the brunt of the new legislation.

Through the auspices of the European Biotechnology Coordinating Group, multinationals are pushing for a more effective public policy to get their message across, and more precise regulations at the national level to prevent undue fears. They also want better protection for new discoveries to prevent a brain drain from Europe to the United States

Brand new common EC rules for patents have been introduced to safeguard biotechnology inventions but they have run up against the European Patent Convention, which excludes the patenting of animal and plant varieties.

According to Mr. Caritley, the Commission has arrived at "a harmonized interpretation of some of the grey areas" and in combination with the Union for the Protection of Plant Varieties, a satisfactory solution has now been found to guarantee protection. Carolyn Plaff

Washington / In Brief

Continuity

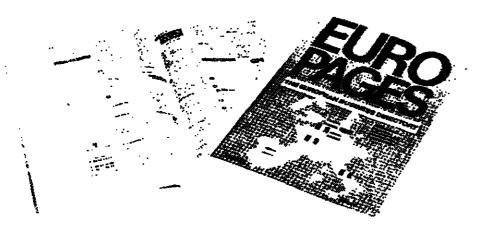
 A Bush Administration in Wash-ington will mean "absolute continuity" in pressing America's trading partners for free trade, according to the U.S. ambassador to the European Community. That will mean a commitment to keeping pressure on Brussels to Insure that the EC's emerging policies do not discriminate against U.S. interests in Europe as 1992 approaches. "The truth is we both have pretty open markets," Alfred H. Kingon told the Anglo-American Press Association in Paris on October 26. "I have discussed it with him [Republican presidential candidate George Bushi and while I cannot speak for the governor. IDemocratic candidate Michael S.Dukakisi we remain firmly committed to supporting an integrated Europe," the envoy said. "We are concerned about increasing complaints from businessmen throughout Europe that 1992 is moving in a protectionist direction, notably in such areas as public procurement." he added.



EC Ambassador Alfred H. Kingon.

 Ambassador Kingon also indicated that the long-simmering trans-Atlantic dispute over Airbus is approaching a settlement. "The governments involved (the United tes, West Germany, France, Britain and Spain) want it solved, as do the American and European suppliers to Airbus. Concessions have been made on both sides, and we expect a deal," the U.S. ambassador said. The main issue has been government subsidies to the European aerospace consortium, which, according to Washington, violate GATT trading rules.

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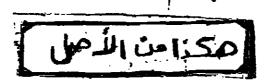
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ADVERTISING SECTION

1992 The Mories and the Market Residence of the Market

Finance / Dollars into Plowshares

Banking on Growth in The Agribusiness Sector

Agricultural banking in Europe used to revolve around the granting of government-subsidized loans to small farmers. Today major financial institutions provide backing for international agribusiness takeover bids, lineace traders on world commodities markets and furnish seed capital for biotechnology food projects.

Players range from specialized institutions through general commercial barriks to American investment houses. Credit Agricole in France and Rabobank in Holland are financial organizations with their roots implanted in tural soil, but a growing desire to branch out internationally. Japanese financiers such as Daiwa Securities, a major Tokyo investment house and

Large scale acquisitions are expected for another 5 years

banking corporation, are also starting to take an interest in the agribusiness sector, while large insurance companies in Britain and the U.S. are happy to invest their spare cash in profitable

Despite their diverse backgrounds, these companies all face the same basic facts when they turn to the integrating markets of Europe. The continent is a changing landscape where farmers are trying to adjust to generally sinking prices, reduced subsidies and the tempting, but expensive, prospects of salvation through advanced technology. It is also part of a global system in which the prevailing appetites of major food and agrochemical companies are predominantly cannibalistic. One prominent example is the massive restructuring currently underway in the United

Richard Colker in London is managing director for Europe of the U.S. investment bank Kidder, Peabody. In late 1987 he piloted the biggest acquisition yet made abroad by an italian company, Ferruzzi's \$600 million purchase of CPC International's European industrial products division, since renamed Cerestar. He is currently working on further deals for European and North American clients.

"We are likely to go on seeing largescale consolidations of this type for about another five years," says Mr. Colker. "Kidder, Peabody can advise on restructuring, acquisitions and divestitures, as well as tapping the markets for finance or providing it ourselves." In addition, the group sometimes invests its own funds as equity capital in such ventures.

A number of commercial banks are also active in financing agribusiness. These include Citibank, Continental Illinois and Banque Nationale de Paris. Barclays in London provides 23 percent of domestic farming credits, currently totaling some £1.5 billion, and has a separate department for international agricultural business.

"As far as we are concerned, agribusiness stretches all the way through the food chain from production to wholesaler, and ropes in the attendant service industries such as fertilizers and pesticides," explains Nick Russell, Barclay's international agricultural manager. "So far retail distribution has fallen outside the sector, but even this is changing as more producers sell direct to supermarkets."

Barclays is making its biggest efforts in Europe, and has branches or subsidiaries in all the EC countries except Luxembourg. It has its strongest presence in Spain, followed by France. "We can provide finance both for exports and imports of agricultural products, and for companies" working capital," Mr. Russell says. "There is no need for a British link in either the deals or the companies," he adds.

Unlike Britain, France has a special cooperative bank for agriculture — the Crédit Agricole. With current assets in excess of \$200 billion, and overseas branches or subsidiaries in 15 countries, Crédit Agricole now operates as a general commercial bank, though it retains a monopoly on the granting of subsidized loans to French farmers, and still accounts for some 90 percent of domestic agricultural lending.

"We are particularly active in financing international trading in 'soft' commodities such as wheat, sugar and meat," indicates Louis Bonifassi, general manager of Crédit Agricole's



Harvests are bought and sold on world commodity markets long before they leave the ground.

international trade department. "We would also like to get into 'hard' commodities like minerais and oil, since major traders characteristically deal with both."

One 1987 deal covered the sale of 400,000 tons of wheat to Brazil. The suppliers were based in several European countries, and Crédit Agricole financed three quariers of the total through buyer credits. "Even though government subsidies were not available, we were able to offer the Brazilians the same low rates they could have obtained from U.S. suppliers," Mr. Bonifassi explains. "We did this by coming to an agreement over the rate differential with our trader customer." Many American lenders pulled back

from commodities financing when the debt crisis hit third-world countries in the early 1980s. Mr. Bonifassi believes there are still profits to be made in this sector, provided banks evaluate the risks properly. Crédit Agricole has ambitious long-term plans to increase international operations from 16 percent of its activities currently to 50

percent.

"With the further opening of European markets from 1992, we believe financing agribusiness has a promising future," comments Jan Dost of Rabobank in Utrecht. The bank started life 100 years ago as a cooperative for lending to farmers. Today, some 26 percent of its domestic activity is still in the agricultural sector, while 34

percent goes to general business finance and 40 percent to home loans.

"We started moving abroad at the beginning of the 1980s," Mr. Dost specifies. "Our policy is to establish a presence in major ports and at other important crossroads for international trade in agricultural products."

Recently, the bank set up a venture fund of 30 million guilders to encour-

Recently, the bank set up a venture fund of 30 million guilders to encourage biotechnology research, and it has equity holdings in several Dutch companies active in this field. Officials expect this so-far modest investment will yield substantial fruit in coming years as further commercial applications for biotechnology are developed.

Michael Rowe

Business News / Update

Investment

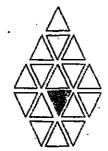
• Although investments by South Korea in Western Europe remain modest compared to those in the United States, the pace is picking up rapidly, notably in trading and manufacturing. According to a recent study by the Euro-Asia Centre at the INSEAD business school in Fontainebleau, France, the annual flow of Korean investments has risen to \$200 million, from a negligible amount a decade ago. Western Europe now accounts for about 3 percent of the total, just ahead of Latin America, and is growing. A survey of Korean investors published by the Centre showed that just over 51 percent were seeking to expand markets, while nearly 20 percent said they were attempting to overcome trade barriers. The largest Korean investments cited included Samsung in Portugal and Britain, Sanean Media in Ireland, Sangyong in Britain, Daewoo in Antwerp and Goldstar in West Germany.

• Western Europe's telecommunications industry is expected to grow to annual turnover of about \$105 billion in 1992 from \$67 billion last year, according to recent forecasts of Dataquest, the London-based consulting group. That growth of roughly 9 percent, is nearly double that expected in the United States during the same period.

 Should the EC establish a European Drug Agency? The European Consumers Union in Brussels has responded to that question recently raised by the EC Commission, seeking an "intermediate" approach between what it terms "the extremes of mutual recognition and a centralized Community system for all drugs." In its response, the BEUC said that in light of 1992, "consumers do not want barriers removed on this basis, because mutal recognition raises the danger of the highest standards being undermined both in terms of the quality and the quantity of drugs available on the markets of those countries which have a more rigorous and rational policy than their neighbors." in its conclusion, the BEUC, representing consumer groups in member states, said it would favor establishment of a European Drug Agency that would specialize in high-biotechnological



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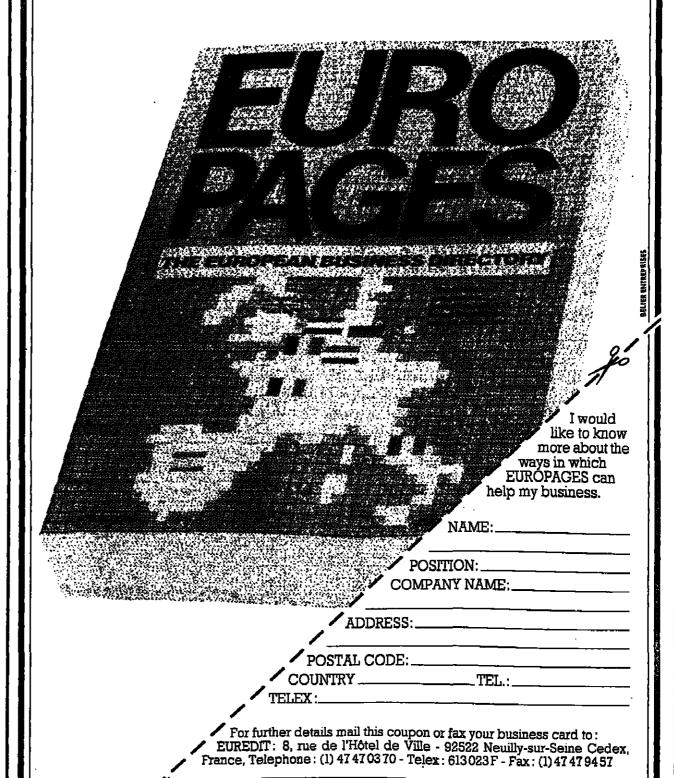
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7 The World's Rendezvous With Europe

Takeovers / Europe's Shopping Spree

Mergers and Acquisitions Stir Up the Food Industry

you can forget about a no-frontiers Europe: the English will put HP sauce on their fish and chips, the periect après-diner touch in Paris is a cognac, and when in Rome-mama mia, bring on the spagnetti.

Consumer traditions may not be quick to change, but a funny thing is happening on the way to 1992 - the French are making the HP, Martell has gone Canadian and mama's Buitoni pasta is suddenly Swit

The European food industry is rice for consolidation, a fact taken advantage of in recent months by multinationals, with the result that "national" brands' boundaries are becoming blurred. Major mergers and acquisi-

A record 163 alliances were concluded last year

tions in 1988 have included Swiss Nestle's purchase of Rowntree, Italian Ferruzzi's buyout of French vegetable oils company Lesieur, and several takeovers by American companies. The newly proposed Philip Morris-General Foods-Kraft link would create a company larger than Unilever, one of the world's biggest.

The prospect of a truly European market - now fragmented by non-tariff barriers - opening up by 1992 is giving added impetus to the consolidation trend. European Community companies are the target, but non-EC companies are most often the buyers. The MAC Group, a management consulting firm asked by the European Commission to study European agribusiness companies' ability to deal with a more competitive market, concluded that the winners may well not

From 1976-86, there were more than 100 mergers valued at \$50 million or more, but the tempo is quickening, according to the MAC report, with nine acquisitions of more than \$1 billion from 1984-86. American companies have led the way, white European industry - with the notable ex-

ception of the Swiss - has remained divided and nationalistic. The Swiss have simply continued their policies of growing by going abroad because their home market is too small. In the United States, the drive has been twopronged: companies have aimed for fewer products while ensuring that those few were market leaders, and have at the same time sought wide geographic coverage. European companies have tended to stay in their home markets where they have sold a wide range of products.

Historical reasons have until now discouraged moves abroad, with cultural and language differences as well as government protection of domestic markets acting as disincentives.

That is starting to change. Nestlé startled the industry in 1985 with its purchase of Carnation in the United States, paying more for this move than had been paid for any other acquisition outside the oil industry. Other European companies began to move,



"I could almost say we were forced to do this." Helmut Maucher, managing director of Nestlé.

most often shopping for companies in neighboring countries. Italy's Ferruzzi started buying and last year stated that it was interested in "geographic expansion." France's BSN three years ago was ranked number 40 worldwide in size by sales but has quickly moved up, thanks to a series of acquisitions. European agribusiness in 1987 saw a record 163 takeovers, mergers and joint ventures; in Britain the pace had so quickened that there were more buyouts than in the City of London when the financial industry was in turmoil from the Bia Bang. In the first four months of this year, British companies alone spent some £5.85 billion acquiring seven European food companies.

There are several reasons for the change. In many cases, cheap stocks and expensive loans made it easier to buy a good brand than to create one - although the flurry of activity in the past three years is resulting in a shortage of suitable brand names, hence the inflated prices paid for such vell-known labels as Martell, Buitoni, Rowntree, Cote d'Or. More importantly, as competitors begin to expand, companies often have no choice but to grow themselves, to stay in the game. Nestle's executive, Helmut Maucher, explained his company's bid for Rowntree following a bid by Suchard last spring by saying: "If this company were in the hands of our main competitor, you could imagine what that would mean for us. I could almost say we were forced to do this." For smaller companies operating in their home markets, the threat of large, well-funded multinationals providing new competition is an incentive to expand. There is room for growth: the MAC study looked at 46 EC-based companies and found that half were sent in only one or two countries.

Additional pressure is being put on the food industry by changes in other industries. Tobacco companies, for example, have been forced to expand into other sectors as their traditional markets in North America and Europe have stagnated. Agribusiness has been a popular new area for them, with RJ Reynolds buying Nabisco and Phillip Morris buying General Foods in

European Community companies are in a weak position to expand as they should in Europe, suggests the MAC report. The world's top ten food corporations include three British and one Dutch company, but the rest are American or Swiss. The French, who consider their food industry part of their national heritage, have only six companies in the world's first 120, and

Price (\$ millions) 'Year Company name Company acquired 1986 Générale Biscuit (F) .350 BSN (F) Biornils 1986 Districts (UK) Spirits. 4000 Guinness (UK). Solrits 400 **1986** Hiram Walker (Can) Allied-Lyons (UK) Courage (UK) 1986 2050 Elders txt.(A) 300 1987 Hillsdowns Holdings Maple Leaf Mills Flour 1987 Alizo Consumer products (H) Consumer products 600 Sara Lee (US) Poulain (F) Chocolab 150 . 1987 Cadbury (UK) Jacobs Suchard (S) Cote d'Or (B) Chrocolate 150 1987

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Major European Acquisitions

the Germans are even less well represented. In two key areas, geographic coverage and leading brands, says MAC, EC companies lag far behind. The Swiss are on average present in 75 percent of the European market and Americans 55 percent. By contrast, companies based in the EC cover on average only 45 percent of the market and they own 55 percent of Europe's leading brands.

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EC companies are weak in another key area: research. The entire French food industry spends slightly less on research than one Swiss company, Nestié, despite combined sales four times as great. And Nestlé is growing at a faster pace. The purchase this summer of Rowntree and Buitoni ives Nestlé's sales a boost of SF5.8 billion; the company estimates that sales in 1988 will rise from SF35 billion to 40 billion (\$52-60 billion).

Does this mean that European companies are doomed? Industry observers caution that the gloomy picture drawn by the MAC report must be viewed as only one part of a complex picture. Says one analyst: "At a simplistic level, the Americans and Swiss

have a lot more money, but many of them have found to their expense that a European market is not like a U.S. market even when it is combined. You have to look at this almost company by company. In selling to the big retailing chains, for example, there is absolutely no proof that being European in size is an advantage. Take mushroom growing and packing - the best you can hope for is to cover two countries. If you try to go European or international, it's just mindless; it won't work. A lot of European companies right now need to master their domestic markets and they are doing this. You have to remember that the United States has had 200 years of being a fairly homogeneous society, but in Europe we will probably still have to do a lot of things country by country

even in the year 2002." A handful of companies are determinedly moving from national to European strategies but not without problems. Nationalistic fears have provoked investigations by monopolies commissions. The Nestlé-Rowntree acquisition was hotly contested in Britain, only to have the approved pur-

chase challenged by the French, who claimed they had to protect their national heritage. Food does in fact play an all-important role in French industry; it is the largest industrial sector and the second largest exporter (after aeronautics). Companies tend to be small, however, with 95 percent of them employing fewer than 500 persons. Financially, joint ventures are often fraught with problems and companies sometimes find, as in the case of Lesieur's French owners, Saint Louis, that it is easier to go the acquisition route (a joint venture with a Dutch company was scrapped in favor of selling to Ferruzzi).

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It is too early, say analysts, to judge the success of the current crop of mergers and acquisitions; the agribusiness industry is in such a state of flux that no one is willing even to offer an up-to-date roster of industry leaders-it could change by tomorrow. What is clear is that while the buying spree is on, the number of good small companies is likely to shrink - either because they are being bought out, or forced to grow.

Ellen Wallace

Protectionism / Beyond Legislation

Foreign Beer Is Still Not Flowing in Germany

German beer drinkers' sensitive taste buds and a deep-rooted conviction that "pure" beer is healthler have effectively defeated the European Court's attempt to do away with one of many non-tariff trade barriers that hamper the free flow of goods and services in the European Community.

One and a half years after the court ruling, Germany still does not import a single foreign brew that violates the

The market has remained pure despite the ruling

Reinheitsgebot promulgated by Duke William of Bavaria in 1516. Under the law, which limited the content of German beer to water, hops, matted barley and veast, adjuncts such as sugar. wheat, rice or unmalted barley were banned.

The fact that the German beer market has remained 'pure' despite the court ruling is largely the result of a smart advertising campaign by the country's brewers, who used the public row over the Reinheitsgebot to turn

it into a health and quality standard. Frithjof Wahl, the assistant director of the German Hotel and Restaurant Federation, says the brewers' aggressive advertising strategy has frightened foreign brewers off: "Foreign brewers who make beer that does not comply with the Reinheitsgebot never even tried to enter the German market after the legal barrier was removed. They figured they wouldn't stand a

Restaurants, bars and supermarkets have also done their share to help German brewers keep unwanted foreign competitors away from Europe's thirstiest beer drinkers.

Restaurants and bars in Germany only serve 'pure' beer, Wahl says: "I don't know of a simple place in the country that sells foreign beer with

And Coop, one of Germany's largest supermarket chains, announced after the court ruling that it would continue to sell only 'pure' beer. One and a half years after the ruling, the supermarket chain still stands by its promise, spokesman Armin Peter

In view of this concerted effort it is hardly surprising that foreign brewers of 'impure' beers have not reaped any benefits from the court ruling.

There are many foreign brewers who would like to get into Germany now that the Reinheitsgebot no longer holds. After all, Germans are the biggest beer consumers in Europe," says Hans-Joachim Schmied, who owns a beer importing company near Stuttgart. Agreeing that the German brewers' aggressive defense strategy is largely responsible for keeping the German market closed to many foreign competitors, he also points out that the German government has so far failed to specify which additives must be declared on other brewers' bottles and cans.

Under the European Court ruling, Germany is allowed to require that additives be listed. "The way it stands now, foreign brewers who do not obey the Reinheitsgebot can only export their beers to Germany if they list every single additive," says

Mr. Schmied. "But who wants to go through that much trouble?"

Mr. Schmied says the resultant extra costs are only worth it for the brewers if they can expect to sell a certain quantity. But it appears most foreign brewers who do not go by the Reinheitsgebot fear they will not be able to conquer a big enough share of the German market to make it worth their

"The Reinheitsgebot is a quality guarantee," claims Peter Stille, managing director of the German Brew-ers' Federation. "The Germans have clearly indicated their preference for pure beer."

Other European exporters have been forced to recognize the fact. But, they point out, the German market has traditionally been controlled by a large number of small and medium-sized companies, 90 percent of which sell their beer within a 50 kilometer radius of the brewery. Small wonder, then, that they have emerged as the arbiters of taste in such a fragmented, regional



Sabine Krueger The pure thing: Munich's Oktoberfest.

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Integration / The Countdown Continues

Winners and Losers Emerge as Moves Gather Momentum

most to gain, and the Unit-ed States will wind up losing from the opening and integration of EC markets, according to a survey of European business leaders published by France's daily Le Monde on October 15. Other winners cited in descending order were Spain. France, Italy, Britain, Benelux, Portugal and Greece. After the United States, the following countries were cited as losing: Turkey and North Africa, Southeast Asia and Japan. Asked which economic sectors would benefit most, the teaders interviewed by the

NEWI insider's guide to emerging financial, legal, trade and

French SOFRES polling

group ranked banking and

insurance at the top of the

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list, followed by transportation and tourism, communications, distribution, consulting and information technology. By contrast, agribusiness was ranked highest for being "menaced" by 1992, primarily because of increasing merger and acquisition ac-

Other conclusions

from the survey: France continues to rank highest among its EC partners for optimism with the approach of 1992. In France, 14 percent of those interviewed said they were "very optimistic," followed by Spain, (13 percent) Britain (11 percent) Benefux, (10 percent) Italy (3 percent) and West Germany (2 percent). Secondly, tax har-monization ranks highest among priority actions for the EC, with the notable exception of those interviewed in Britain. In descending order, the other priorities cited included a common European currency, common norms for industrial products, freer movement of capital, truly European companies and a common European statute.

Finally, France ranked low-

est on the controversial is-

sue of opening public pro-curement markets to outside bidding. Of business leaders interviewed in France, only 6 percent said they considered procurement a priority, compared to 38 percent in Britain, 20 percent in Germany, 10 percent in Spain and 9 percent in Italy.

 Renault Automation of France and Spain's Debako group signed an agreement in Bilbao last month aimed at expanding each of their product lines in manufacturing automation, primarily in each other's home markets. The Renault affiliate of the Stateowned auto group, with annual sales of about 1.5 billion francs, is already one of Europe's leading robotics firms, and plans to expand in Spain as EC barriers in the automobile industry are removed. Debako, which is part of the Caja Laboral Popular group of workers' cooperatives with sales of 10 billion francs, last year reported sales of 375 million francs, and is seeking to expand in

• European Buşiness Channel, the latest newcomer to European com-

mercial television, announced that later this month it plans to beam daily economic and business news to European viewers via cable and satellite facilities from its headquarters in Zurich. EBC, which is jointowned by a group of wiss publishers and European business interests, was scheduled to begin broadcasting its news program on Sky Channel in Britain on November 3, and starting January 1 on RTL Plus, a privately owned West German commercial television network.

 In conciliatory terms, Jacques Delors, president of the EC Commission, has emphasized that his plans tor "a social dimension" to the 1992 program remain "flexible and voluntary." In speeches and interviews during the past several weeks, Mr. Delors has sought to reassure business leaders in Europe and Britain's Prime Minister Margaret Thatcher that the EC Commission is not seeking to impose greater power for unions on management. The legal form for a European company statute containing the participation scheme proposals

would not only be volun-tary, Mr. Delors said last week, but he proposed several models, including alternative plans now workin Germany, Scandinavia, France, Italy and Benelux: "It is for businesses to decide for themselves what formula they

 President François Mitterrand of France and his defense minister, Jean-Pierre Chevenement, last month urged the speeding up of plans to establish a European defense Industry, but both conceded that progress would be difficult. "We are advancing only slowly toward European

unity in armaments," President Mitterrand said, citing cooperative efforts between France and West Germany to develop a new generation of attack helicopters. He also noted that four European countries were developing a newgeneration fighter aircraft for the 1990s, while France, which withdrew from the project, is proceeding with plans to develop a competing jet fighter, the Rafale. "I would like to see a cooperative solution for Europe in defense, but I do not underestimate the difficulties we will face," the president told the Institute of National Defense Studies.

Barbara Casassus is a Paris-based free-lance writer. Timothy Harper is a London-based American journalist and lawyer.

Axel Krause, IHT corporate editor, is supervising the 1992 series.

Sabine Krueger is a correspondent for McGraw-Hill in

Carolyn Pfaff is a Paris-based economic writer. Michael Rowe is a Paris-based financial and business

Ellen Wallace is a financial and business writer based in Switzerland.

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Ellen Wallace

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BOOK BRIEFS

THE HIGH ROAD. By Edna O'Brien. Weidenfeld & Nicolson, 91 Ca-pham High Street, London SW4 7TA; and Farrar, Straus & Giroux, 19 Union Square West, New York,

That the prose of Edna O'Brien is among the glories of the contemporary world is beyond dispute, but the prose is considerably more glorious when it also makes sense. This, throughout much of "The High Road," O'Brien's first novel in more than a decade, it most adamanty refuses to do. Say whatever else you will about it, this is for certain: "The High Road" is an entirely peculiar

At its center, to the extent that it-has one, is a woman of indeterminate but presumably somewhat advanced age named Anna. A resident of London, she has now established somewhere on the Mediterranean.



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It's the setting for an Antonioni movie, and for much of its erratic course "The High Road" reads like the script for one: Anna wanders moodily and melodramatically through the beautiful landscape, one redolent of sublimated erotic urges and intoxicating memories of lost

> It's the right place for Anna, who is in the throes of recovery — as O'Brien's women so often are from a burned-out love affair. "As with many a thing," she recalls, "we had embarked on it lightly, but it caught fire, escalated, went too far, to the marrow, rekindled hopes, sparked off desires, hurting even as it satiated, creating fresh hungers and fresh fears. Its end dribbled on, an end that consumed my middle years like a terrible wasting sickness, so that I often wished to be quite old,

thinking by then it would have failed completely, without a trace. Then again I wished for vengeance, retribution, which I gave vent to only in

There are enough bright moments in it to reward O'Brien's most devoted followers, but few other readers are likely to take any pleasure in trying to make connections between characters that O'Brien herself never makes. (Jonathan Yardley, WP)

MERCEDES AND THE HOUSE OF RAINBOWS. By Alan Jolis. Po-seidon Press, 1230 Avenue of the Americas, New York, N.Y. 10020. This is a first novel, and one about coming of age. But Alan Jolis is fully in control of his characters, and "Mercedes" is a funny, wild ride through the Paris of the 1960s and '70s, through the eyes of a precocious boy in love and eventually in

Gypsy nanny.
Jolis manages to tell us a fairly unbelievable story fairly believably, with a cast of characters that ranges from Kim Novak to a former member of the Spanish Resistance to an unusual Jesuit priest to some bighearted streetwalkers, and the book leaves the reader in fine humor. (Katherine Knorr)

lust with his attaching and crazy

ENGLAND, THEIR ENGLAND: Commentaries on English Language and Literature. By Denis Donoghue. Alfred A. Knopf, 201 East 50th Street, New York, N. Y. 10022.

First there was "England, my England," a much-quoted phrase from a patriotic late Victorian poem by W.E. Henley. Then there was "En-gland Your England," an essay in social criticism by George Orwell. And now we have "England, Their England," a collection of "comments England," a collection of "commentaries on English language and liter-ature" by Denis Donoghue. Donoghue's book is a companion book.

volume to his two previous collec-tions, "We Irish" and "Reading America."

in his preface, he says he can see no sign that national traditions in literature are coming to an end, while the dust jacket promises us the benefits of a half-detached view: the view of an Irishman who is very much not an Englishman, but for whom "the British literary canon" is

an essential part of his patrimony. The relationship between English literature and other literatures in English raises some complicated questions. The relationship between British English and other varieties of the English language raises a different set of questions; but clearly the two topics are connected.

This is not the book Donoghue has written, however. It turns out that "England, Their England" is a fairly orthodox, fairly miscellaneous gathering of literary studies. (John Gross, NYT)

are you listening rabbi LOW. By J.P. Donleavy. The Atlan-tic Monthly Press, 19 Union Square West, New York. 10003.

Since his first novel, "The Ginger Man," appeared to huge success in the 1950s, J.P. Donleavy has made a career out of creating picaresque he-roes and relating their bawdy adventures. Critics have described his language as Joycean, his comedy as reminiscent of Wodehouse and Waugh. To this reader, however, his writing, so reliant on verbal and physical pratfalls and nasty put-downs, has always seemed to have more in common with that of Kingsley Amis (on a bad day) or Peter DeVries (on a good day). Unfortunately, "Are You Listen-ing Rabbi Low," his first novel in

five years, marks a new low on Donleavy's part: The raw energy and linguistic virtuosity that animated his earlier work have given way to an endless succession of tired sketches, and the humor, directed primarily at women and Jews this time, has taken on a disturbing and mean-spirited

The hero of "Are You Listening Rabbi Low" is one Franz Sigmund "Isadorable" Schultz, an Americanborn theatrical producer who made a previous appearance in "Schultz" (1979). Like so many of the author's protagonists, Schultz is obsessed with money and sex, and these two obsessions are constantly getting him into trouble.

His portrait of Schultz plays on derogatory stereotypes, and his nar-rative — in which Schultz frequently addresses a relative named Rabbi Low — is riddled with disparaging references to Jewish history and tradition. "Are You Listening Rabbi Low" is an offensive, unnecessary book. (Michiko Kakutani, NYT)

WEATHER

EUROPE

World Stock Markets Via Agence France Presse Closing prices in local currencies, Nov. 3

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International

Investors

NORTH AMERICA

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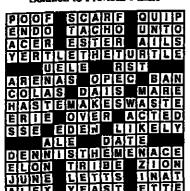
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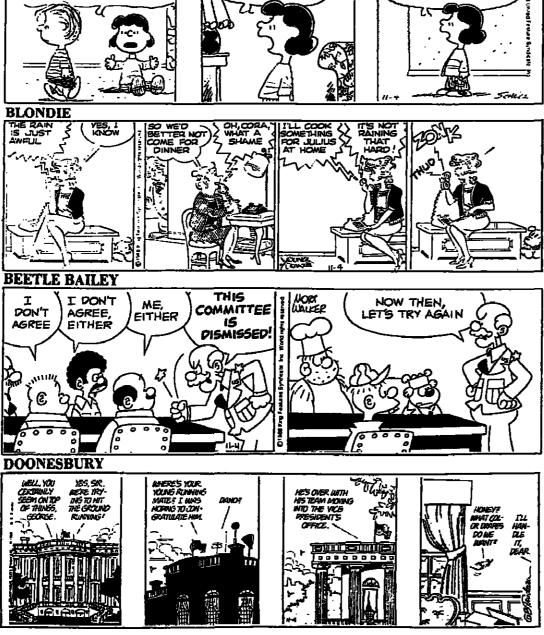


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Solution to Previous Puzzle







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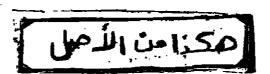
Yesterday's Jumbles: DELVE CARGO BUCKET LAYMAN Answer: What was Michelangelo's lavorite dessert? – MARBLE CAKE











SPORTS

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the minimum 18. (Hampton did not re-

turn telephone calls for comment, and

d Visitors Washington Post Service WASHINGTON — Scandal is noth-

ised its security law the mainland to visit ing new to the sports pages. Anyone who reads them regularly learns about would be allowed to stee families who were was made a year after to the mamiand. dang abuse, ticket scalping, illegal re-cruiting, academic fraud—to name just a few of the common conrupt practices.
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Chesting is so routine, so mimbing in its regularity, that most sports fans shing off new illustrations as part and pancel of the games themselves. Only o 25 Years was given a 25-year killing an American cars during the 1985 occasionally does a case come along that is outrageous enough to jangle even those beaumbed nerves. Such an examnle of deceit recently hit the front page șe Wallace Gulia lold of The Washington Post, a story about akin a tightly guarded ucted the three years

Has Winning Become Everything, Even at the Age of 12?

 thus gaining an unfair advantage over younger, weaker players.
 According to league officials, the ages of six to mine of the players on the Bethesda-Chevy Chase Boys Club team were falsely stated or omitted at the weigh-in in September. To ensure competitive fairness, league rules provide that 12-year-old players weigh no more than 130 pounds at the time of the weigh-in; 13-year-olds no more than 120, 14-year-olds no more than 115. You can readily see what a terrific advantage it would be for a 14-year-old to be registered as 12, so he can be heavier last "as long as I'm coordinator." than the rules allow. You also can readily now one Montgomery County, Mary-gland junior football team falsified the ages of some of its players (IHT, Nov. with 12-year-olds of the same weight.

The B-CC team played four games, perately that people cheat to achieve it. It's an old theme: people shortsightedly winning three and tying one. Fortunatedefining themselves by Wins and Loses. Hansen, 23, denied that the issue was ly, said the league coordinator, James Wiltshire, B-CC's opponents suffered "no serious injuries, thank God."

B-CC's coach, Matt Hampton, and winning. He said that Hampton told him the league authorized B-CC's using some overweight players after striking an agreement that B-CC would forfeit his assistant, Todd Hansen, have been

VANTAGE POINT/Tony Kornheiser

barred from the league "indefinitely," Wiltshire said. He vowed the ban would Wiltshire was incensed. "It's an awful thing they did," he said. "They lost track of their values."

Wiltshire said he knew of no such arrangement.) Hansen said not every play-We often see winning valued so des-

ment. "Some did, some didn't," he said, conceding, "We kept it from them," Hansen said, defiantly: "You can take

what you want away from me, but you'll never be able to take away ffrom the players the fact that they're winners." Yet, in almost the next breath, he spoke of a conversation he had with one of his players, Joe Patterson, in which Patterson was asked if he felt prouder about this season's record or the 2-5 record last year? Hansen said Patterson chose the 'two victories," an indication the players didn't feel like winners this season at all; that, in fact, they felt shame.

"I don't condone cheating, and I never have," Hansen insisted. "I'm not a

er knew of the alleged forfeit arrange- cheater," After the plot was unmasked the coaches apologized for using overweight, overage players.

"Because of the injury factor, and only the injury factor," Hansen said, as if the issue was orthopedic, not ethical,

Hansen, who once was president of the American University chapter of Young Americans for Freedom, maintained that his emphasis on contras was never political, it's still not," But, he said, now he would put the patches everywhere. It's me against the world, me and my kids against the world, against lies . . . I believe in counterrevolution in sports: [fielding a team] that might learn right from wrong, learn some character and maybe gain some-

thing. Nothing will stop me from continuing to do it. When I wake up in the morning, I'm the coach."

Is this what we want for highly im-pressionable teen-agers? Are these the values of fair play that sports are supposed to teach?

Somewhere along the way we got lost in the headlong pursuit of winning, of sticking our index fingers in the air and shouting that we're No. 1. It is bad enough in pro sports and in college, but now high school kids are taking steroids. Grade school kids are being recruited with the promise of pairs of sneakers. Soap box racers are using concealed motors. Kids II, 12 and I3 are being given dinretics to make weight limits in little leagues, while others, obviously, are lying about their age to get another year of eligibility against small-

We're teaching our children to cheat.

Samaranch Asks Wider

LAUSANNE, Switzerland -Drug use in sports is decreasing but officials need government help to win the battle against doping the president of the International Olym-

not go it alone in trying to make all athletic contests drug free.

the most recent equipment.

governments.

Samaranch spoke at the opening of the 22d annual meeting of the General Association of Interna-Tional Sports Federations, which is focusing on sports and medicine with a special emphasis on doping. In the wake of the Seoul Olympics, where world 100-meter champion Ben Johnson and two other gold medalists headed a near-record list of drug cheats, the meeting has taken on added significance.

from South Korea, noted that anabolic steroids and blood doping — fixe of the most important points of sports medicine. — were on the agenda for discussion at the three-

positively I hope, on harmonization

"At times, it was said that the

Seoul Games were the Doping Games.' This is not so," Samaranch

long history of work in sports.

TRANSITION

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and Briss Noones and Jori Torikk, forwards from Scalnow, interactional Mackey Leasue Sent Wayne Presey and Glen Cochrane, for

SCOREBOARD





WRONG, RIGHT — Ferdinand and Andrea Oberniedermayer of Munich had snow halt their golf in Davos, Switzerland. But in Sydney, Nigel Mansell wore shorts Thursday as he helped Greg Norman practice for the Australian PGA. The Briton is driving in next week's Grand Prix race in Adelaide.

Men Tennis Pros Form Own Tour

LONDON - The future of men's tennis has been thrown into confusion with the players' union, the Association of Tennis Professionals, having broken from the governing body to form another international circuit starting Jan. 1, 1990. Thursday, the war of words be-

tween tournament organizers and the world's leading players continued. Marshall Happer 3d, administrator of the Men's Tennis Council, the governing body of men's tennis, said he did not think the players could put together a credible, alternative tournament circuit.

Happer said "the tournaments will have two options. One is to run in the Grand Prix in a circuit administered by the Men's Council. The other is to be on the ATP circuit where ATP will make all the relevant decisions."

Philippe Chatrier, president of the sport's ruling body, the International Tennis Federation, in his first comment on the players' revolt, said that "it is by no means certain that the ATP would gain the support of the major tournaments."

He said North American and European tournament directors would meet Nov. 11-12 to discuss the crisis, then would report back to the full council next month.

Directors of the leading tournaments — including Wimbledon, the U.S., French and Australian cable companies have been getting 5 to 8 percent to pay to watch opens, which make up the Grand

Slam — are to meet at the Masters professional wrestling, a Titan Tournament in New York next month to discuss the situation. What Trainer, Titan and the cable Ray Moore, a founding member of the union, said Wednesday night companies appear to be banking on that "the ATP tour is now a fait is that viewers will pay to see Lalonde if they don't have to leave

accompli." The tour will go ahead in 1990 and we shall publish a caltheir homes. Asked about opinions that Lalonde's easy opponents have endar before the end of the year." Moore said the ATP already had for Leonard, Trainer said, "Ray attracted 21 of the world's top playfought a bunch of those, too," con- ers to the new tour and computer ranking list, among them the No. 1tending that hand-picked foes were part of "the development" of a ranked Mats Wilander and Wimboxer. "I don't know what it has to bledon champion Stefan Edberg, both of Sweden; two-time Wimble

don champion Boris Becker of West Germany, Pat Cash of Aus-He also denied a report that he tralia and Tim Mayotte and John McEnroe of the United States. Ivan Lendl, an ATP statement said, had signed a "letter of intent"

to play on the new tour.

The breakaway late Wednesday followed two rounds of heated

talks within the council. Moore, one of three ATP members on the council, said no agreement could be reached on a compro-

mise that satisfied the players and could secure a unified future for the men's game. He stressed that the four Grand Slam tournaments, the Davis Cup and the Olympic Games — all run by the federation would not be affected. "We shall schedule our tourna-

ments around the dates of the Grand Siam events and Davis Cup." Moore said. "We have no wish to undermine these traditional events." Happer said that unless the players changed their minds and agreed to share power, the ruling body of filly, in the \$1 million Distaff; Miesers changed their minds and agreed the men's game may have no alterque, the French-based filly who will native but to continue to run the bid for a repeat victory in the \$1 present Grand Prix.

That, he said, could mean top players having to qualify for the There will be serious difficul-

ties," he said. "A current rule of the Grand Prix is that if you don't sign a commitment to play on the cir-cuit, the only way to otherwise play is through qualifying, or one of the special wild card. These are things the council are going to have to consider."

Men's tennis is now run by the council, an umbrella organization with the three ATP members, three officials of the International Tennis Federation and three tournament representatives.

The players have been lobbying for a greater say in running the game, a demand that surfaced publicly at the U.S. Open in September. Among their requests were more freedom of choice as to when and

where they play, better marketing of the sport, a pooling of television rights from the Grand Slam events, more prize money and an eightweek break at the end of the year. Since the U.S. Open, Moore said, the players had tried to discuss

but had been met with "the age-old problem of too little, too late. Happer said the council had volunteered to increase the players' role in the decision-making body from one third to 50 percent, but that "they turned it down."

their grievances with the council

Rain Forecast

For Cup Races

New York Times Service LOUISVILLE, Kentucky

Seventy-nine thoroughbreds were entered Wednesday for the seven Breeders' Cup races at Churchill Downs on Saturday, when rain might muddy what otherwise looks like the strongest races since the scries began in 1984. The seven races offer total purses

of \$10 million and should decide nearly all the sport's championships. But weathermen said it was a cinch there will be rain in the area beginning Friday and some of the biggest names in the entries would be most affected by a wet track.

Alvsheba, 6-5 on the morning line to win the \$3 million Breeders Cup Classic, ran his worst race in his only start on a sloppy track. A defeat Saturday would cost him both the horse of the year title and the record, now held by John Henry, as the richest horse ever to race.

Rain might also skew the afternoon's second-richest race, the \$2 million Turf on the grass. The 5-2 morning-line favorite, Sunshine Forever, has handled yielding courses before but any significant softening of the truf would vastly improve the chances of the seven European imports in the field of 12, especially Indian Skimmer. Alysheba and Sunshine Forever

are two of the six strong favorites Saturday. The others are Personal million Mile; Easy Goer, the sensational 2-year-old, in the \$1 million Juvenile, and a five-horse D. Wavne Lukas entry that may overwhelm

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a few over-the-hill veterans.

bout say, appeared to have no business in the ring with Lalonde.

as a stand-in. A published report

runner Steve Jones has traded \$400

for a shot at a pot of gold. the New York City Marathon.

1985 Chicago Marathon was then nner Steve Jones has traded \$400 breaking the course record or run-or a shot at a pot of gold. That was the price Jones paid July breaking the course record or run-ing under 2 hours, 13 minutes, In in Chicago in 2:08:05, then the world best. In 1985, he won the London Marathon in 2:08:16. Since, his times have fallen off,

which he blames on "loss of motivation" stemming from injuries and illnesses. The constant physical problems helped convince him to part, after

141/2 years, with the RAF. He had not given time off for racing -and had reached the rank of corporal. The \$400 agreement covered the naining on his obligation to the RAF. Jones said.

made him less of a worthy opponent

do with this fight," he added.

a half-marathon at Newcastle. England, on July 24; won the Philadelphia Half-Marathon in 1:02:18 on Sept. 18 and last month won a 10kilometer race in 28:04, breaking the course record by 13 seconds.

a week, more than I've ever done. "It's given me the confidence to attack the course Sunday."

Grand Slam events. If he does, the \$400 gamble will have been well wagered.

INTERNATIONAL CLASSIFIED

(Continued from Page 4)

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Drug Fight

pic Committee said Thursday.
Juan António Samaranch, addressing a major meeting on sports medicine, said that his group could

-"Doping is an acute problem. But it is a problem that we are starting to overcome," he said. "Our laborato-ries are using far more sophisticated methods of detection and we have

"The Olympic movement is pre-pared to fight this problem... But we must be united with others in our fight. We need the help of the international sports federations and most importantly the help of

From the problems of drugs.

Kim Un Yong, an IOC member.

And the association's president

said the session would not shy away

Kim also said he hoped the federations would agree at the meeting to adopt uniform programs for drug testing and punishment. He wants it modeled after an IOC proposal that would impose two-year bans for first offenses and lifetime

disqualifications for two-time users in virtually all cases.

The federations will take a stand,

of doping measures," he said.

The 10 athletes caught taking drugs in Seoul was one less than the record 11 caught in Los Angeles in 1984. With more athletes competing and wider testing conducted this year, Samaranch said, the Seoul-Olympics have been unfairly linked to drug use. But he acknowledged, the impact of Seoul's test results was greater than anything in the past.

said. But in Seoul, some of the athletes who tested positive were winners of gold medals."

Another speaker, Dr. Moira O'Brien of Ireland, said team doctors must stress the dangers of dopBy William Gildea Washington Past Service

LAS VEGAS - The Sugar Ray Leonard-Donny Lalonde bout shapes up as a mismatch in the ring Monday night, but is a guaranteed financial windfall for both fighters, according to the fight's promoter.

In this peculiar meeting of the heavily favored Leonard and the little-known Lalonde, the promoter is Leonard's lawyer, Michael Trainer. Although Lalonde clearly lacks promotional value. Trainer insisted that what will make this the best payday each fighter has ever real-

ized is pay-per-view television. "I've got \$20 million," Trainer said in his office trailer behind Caesars Palace Hotel, speaking of guaranteed money, "and I'm spending more time running around defending this [fight]. And

I've got the money. The fight itself is an improbable one, the restless Leonard once more coming out of retirement to meet a Canadian light heavyweight-super middleweight who has beaten a collection of unknowns sprinkled with

ing to athletes and coaches. O'Brien, a professor of anatomy at Trimity College in Dublin, has a the last minute, Walters was named

attraction Leonard-Marvelous Marvin Hagler was or Leonard-Thomas Hearns was, Leonard (34-1, 24 knockouts) will receive more than the \$12-plus million he made seven years ago against Hearns, Leonard's top single-fight payday, according to Trainer.

said that Walters had come to Ken-

As for Monday night's fight,

tucky from Canada with Lalonde.

even if Leonard-Lalonde is not the

neighborhood of \$5 million," according to Trainer. Said Lalonde after a workout, "I never dreamed I'd make \$5 million in my life." Leonard and Lalonde can make their financial killings even with

Trainer said he has secured his gnarantees from Titan Sports Inc., Palace, and sponsorship money from Coors beer. "But this is the first boxing event

Leonard-Lalonde: No Matter Who Loses the Bout, Both Win

designed primarily for pay per view," Trainer said. "In previous fights, closed circuit was the cake, foreign TV the icing and pay per view the cherry on the top. Now, pay per view is the cake, foreign TV the icing and closed circuit the cherry." Titan reportedly has contributed the biggest chunk of the \$20 million

site fee is said to be about \$7.5 million to \$8 million. "This thing's a home run," Trainer said, "and the fight hasn't taken place yet." Only about half of the 15.000

A Titan spokesman said a poll of cable operators had shown sales were ahead of projections, while foreign TV sales had hit \$2.5 million. The spokesman, Mike Weber, said Titan stands no chance of los-

and closed-circuit exhibitors." About 50 million homes across the United States have cable TV,

have been met by cable compan

according to Titan. Of the 50 million, 11 million to 12 million have pay-per-view capability. Leonard-Lalonde has the potential to reach 10.2 million of those homes, according to Titan. According to Trainer and Titan,

dreds of cable companies in the United States, with Titan suggesting a retail price of \$29.95 for each customer. The cable companies guarantee Titan a 50-50 split on the basis that 5 percent of their potential viewers will buy the

recently had made another offer to Thus Titan would have at least Hagler's advisers for a second \$7.6 million in guaranteed money Leonard-Hagler fight. Leonard from pay-per-view cable operators. The cable operators, in turn, would need to attract 2.5 percent ing money because "our guarantees of their customers to cover their

made clear again Wednesday that he wants to fight someone after Lalonde, but wouldn't divulge possible opponents.

career has picked up. He finished second, in 1:01:58, in

"The two fast half-marathons tell me I'm in as good shape as in 1984 and 1985," Jones said. "My training been working 40 hours a week as an has gone very well the last six aircraft technician - when he was months. I've averaged 90 or 95 miles

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ses in the tourist seem 92, when the 12-manua barriers. The proposal rairports, on trainsand ths of July and August disrupted schedules eral hours Wednesday higher pay ol testing in children cited a study at the cating that a restricted

Other studies, too, have

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weden arplane ze Western alliance k nterview. pen is being built by

of four companies is e and automobile mass

ab-Scania AB. id of the consortium goder, said developmen he plane's 40 septem systems had forced on er estimates. inger said the golde tract with the manu in two parts. Deter delivery of the first

act of 24.9 billies by d. Delivery of 3 self aircraft was negel ie contract with 3 pm 5.9 billion kropof. latter part of the of he consortium want

COLLEGE
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HOCKEY NHL Standings WALES CONFERENCE

ASSESALL
Assertices Leopupe
DETROITS—Agreed to terms with Luis Soleaser, inflettier, on one-year contract.
All NNESOTA—Bought contracts of Park
Pittnein, Jirainy Williams and Alike Diver.
Ditchers: Dergik Parks, catcher, and Ratori Pittsburgh Philadelph Delling, outlieder, from Portland, Pocific Coast League TORONTO Assigned Most Stark, catcher, New Jersey outright to Syrocuse, International League.
Notional League
ATLANTA—Agreed to terms with Bruce Adams Division

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BASKETBALL

National, Beskefbell: Association

ATE ANTA Worked Aritimy Toylor,

Toward, and Mike Gibson, forward.

DENVER, Put Colvin Noti and Bill Honz
Bit, forwards, and Affanciac Martin, superit, on CAMPBELL CONFERENCE k, forwards, and Mourice Martin, guerd, an NEW JERSEY—Acculred Joe Borry Corfoll, center, and Lester Coaper, guard, from
fountion for Frank Johnson and Lorenzo Refour Swards; Tony Brown; guard-forward,
and Tim McCormick; center.

BOXING
WRG Sylected Jose Sylaiman to fourvear tend on president.

FOOTBALL

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Smythe Division 6 3 3 7 6 0 Los Angeles Edmonton Medicate Hackey Leaves

Netl-Solopekted David Show, New York
Ronners defeasimen, 12 games for sloshing.
BOSTON-Stand Robert Cimetta, (eff. 1872).

8 2 3—5 Jonney (5), Brickley (4), Crowder 2(4), Nee

> Ludwig (1), Welter (5), Richer (a), Smith (7), Carbonneou (1); Nichells (12), Taylor (6). Crossmon (2). Shots on gool: Los Anseles (on Roy) 8-8-5-21: Montreel (on Healy) 4-8-15-27. Buffale N.Y. Rengers Creighton 3 (3), Sheppard (4), Parker (2), Turpeon (6); Potrick (4), Dianne (3), Muller (5), Lolleur (4). Shots on good: New York (or

and at the fight itself --- because of the distributor for pay per view, foreign television and closed-cir-

cuit outlets; a site fee from Caesars

Among the opponents Lalonde (31-2, 26 knockouts) has faced, the most curious was Fred Walters, knocked out by Lalonde in the first round in Ashland, Kentucky, in August 1986. Walters was a late substitute who, witnesses to the

it will pay off in a victory Sunday in

If Jones, 33, wins in his New York sidered good. He has the fastest debut, he would get the first-place prize of \$26,385, plus a new Mer- 23,000 entrants. His 2:07:13 in the

SIDELINES

A's Weiss Wins AL's Rookie Award

six first-place votes and 48 points. Ditka Said to Be Stable, and Ornery

Harvey of the California Angels was second with three first-place votes

and 49 points; shortstop Jody Reed of the Boston Red Sox was third with

Bears of the NFL after suffering a mild heart attack. "Barring anything unforeseen, we expect him to recover nicely," said cardiologist Jay Alexander. Ditka's condition remained unchanged from Wednesday, serious but stable, and his wife, Diana, said, "He's doing

For the Record The University of Cincinnati's football and basketball teams were barred Thursday by the NCAA from postseason competition this year

and the school put on three years' probation for rules violations. (UPI) Chile was indefinitely banned by FIFA from international soccer competition for not paying compensation to the Atlas club of Guadalajara, Mexico, for player Ivo Bassey.

(AP)

Brian Mitchell of South Africa won a manimous 12-round decision Wednesday night in London against Jim McDonnell of Britain and retained his World Boxing Association junior lightweight title. (AP)

stadium seats had been sold, acempty seats in closed-circuit arenas cording to a Caesars spokesman.

Wales' Jones Has Wagered He Can Win N.Y. Marathon NEW YORK - Welsh distance nuses for setting a world-best, the second-fastest in history, and it months ago, Jones said, his running

19 to end his commitment to the outside financial benefits generally Britain's Royal Air Force. He hopes accorded the winner of one of the

world's most prestigious marathons. His chance of winning are con-

NEW YORK (UPI) - Shortstop Walt Weiss, whose fielding helped Oakland win the pennant, Wednesday was named American League Rookie of the Year, giving the Athletics the award a third straight season. Following shuggers Jose Canseco (1986) and Mark McGwire (1987). Oakland became the first AL team to win three straight awards given by the Baseball Writers' Association of America since they began in 1949. The Los Angeles Dodgers, who beat the Athletics in the World Series, are only team to do better, with four straight from 1979-82.
Weiss got 17 of 28 first-place votes and 103 points. Relief pitcher Bryan

LAKE FOREST, Illinois (AP) — Doctors said the next several days would determine how soon Mike Ditka can resume coaching the Chicago

fantastic." Then she added, "He's too ornery."

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Trainer Roger Stein was banned from running horses at the Santa Anita track in California because "a large amount" of cocaine was found Puppo, Sarresso) 15-13-15—Q; Buttala (on France) 11-16-6-23. in a test on his Emperor's Turn, a second-place finisher Oct. 23. (AP) NEW YORK ESCORT SERVICE (212) 688-2512 ARISTOCATS The Detroit Grand Prix was taken off the 1989 Formula I calendar it London Escart Service 3 Shouldham Steet, London WI All major Credit Cards Accepted Tel: 01-258 0090 (3 LINES) SOCCER could not meet safety standards, FISA announced Thursday. (AP)
The Soviet Union averaged its loss in the Olympic gold medal volleyball CHEISEA ESCORT SERVICE. 51 Beauchamp Place, London SW3. Tel: 01-584 6513/2749 (4-12pm) Muni (1), Messier (5), Anderson 2 (3), Car WORLD CUP QUALIFYING European Graun 2 Austrio 3. Turkey 2 game by beating the United States, 11-15, 15-7, 10-15, 15-12, 15-12, in son (5); Poslowski (5), Hull 2 (7), Hrkac (4). Shela en eesi: St. Louis (en Ronford) 8-8-13— 30; Edmenton (en Millen) 11-11-8—30. Thursday's championship of the Japan Cup.

OBSERVER

Election Pre-Mortem

By Russell Baker

N EW YORK — The election campaign has created many interesting language problems. For example, we now need a word or words for a president who is elected before the election, as happened to Whatchamacallit Bush this year. As you see, "Whatchamacallit"

is unsatisfactory on several counts: too long, too slangy and sounds

After being elected on Election Day, of course, he will be President-elect Bush. Having been elected by our poll-besotted media four weeks before Election Day, however, he is not yet entitled to be "President-elect," yet he deserves an honorific worthy of his station.

The obvious solution -- calling him "President-poll-elect Bush" is so awkward on the tongue and trying on the ear that even "Whatmacallit" seems preferable. "Polled-President Bush" sounds

better, but won't quite do, either. It's too suggestive of "polled" cat-tle, which are cattle without horns. It is considered disrespectful to mention our politicians in the same phrase with cattle, even though a favorite political habitat is the feed trough where the Pentagon slops the Congress with gravy.

This is a difficult language problem and not likely to be solved soon, except by tin-eared pedants who are content to settle for clunkers like "Premature President

Which brings us to an easier problem created by premature non-President Dukakis. For three or four weeks now, I have been listening to political experts who infest TV discussion shows, and they are constantly chiding each other for conducting "post-mor-tems" on the Dukakis campaign.

Expert ladies and expert gentlemen, please: English, which is un-der Latin's tyrannical power in this matter, makes it absolutely impossible to conduct a post-mortem on persons, places or things that have not yet experienced mortem.

What you are constantly engaging in, experts of both sexes, are not post-mortems on the Dukakis campaign, but pre-mortems.

Speaking of experiencing mor-tem, let's look at "the negatives." Life is full of what may justly, without insult to the mother tongue, be called "negative" conditions. The list is long and miserable. For instance: the post-mortem state, the demi-mortem state, torture, hun-

ger, homelessness, poverty. When Bush's planners decide to batter Dukakis with "the negatives," however, they are not threatening to subject him to anything so trying as the above condi-tions. All they mean is that they intend to "smear" him by telling people he is a card carrier, is soft on apist-killers, and so forth.

So with Democrats putting the boot into Bush by telling people he is a "wimp," is soft on drug king Noriega, and so forth. This is simple, old-fashioned dirty pool, and letting political technocrats get away with perfuming it under a namby-pamby word like "nega-tives" shows how easily we can be led around by these swine.

Yes, my friends, "swine" is a hard word to apply to these games players, and I use it here by design to illustrate the punch the language can deliver when we dare to stop the pussyfooting and the mushmouthing and call a smear a smear, dirty pool dirty pool, and candihandlers "

Note that all these terms smear, swine, dirty pool -- are as short and direct as a jab in the ribs. Negatives," by contrast, is a whiny, oily, sneaky, deceptive word, posing as the soul of uptown refinement and civilized polysyllabic politesse, while sheltering the gangs of smear artists, dirty pool-sters and swine behind its elegant Latinate facade.

"Negatives" is not even a decent God-fearing noun, but one of the language's lowest forms of life: an adjective masquerading as a noun to make itself into a euphemism for deceiving the people.

The problem here is how to get people aroused against the mean-ingless, deadening and deceptive English that has become the language of American politics. The problem is to get enough people sufficiently angered about the cotton wool that constitutes most of our political discourse to make our politicians speak English.

Harry Truman used plain English very effectively to dispose of a similar complaint about his 1948 give 'em hell campaign. "I don't give 'em hell," he said. "I just tell the truth about them, and they

New York Times Service

The Graying of Leonard Cohen

Suzanne takes you down To her place by the river You can hear the boats go by You can stay the night beside her. Leonard Cohen

By Richard Harrington

Washington Pass Service
NEW YORK — Leonard Cohen, once described by Rolling Stone as "the poet laureate of outrage and romantic despair . . . the aficionado of gloom," is sipping screnely at his tea in a New York

"You go in and out of affection for old material." Cohen is saying of his most famous song, "and you'd like to be loved for things you're doing now. But it has a real place in my so-called career and people do want to hear it. It can stand up.

Twenty-one years after Judy Collins's version of "Suzanne" made Cohen a semibousehold name, he's still the eminence grise of art song, his legacy evident not only in his own work, but in the folk confessions of Suzanne Vega and the angst-rock of the Smiths and the Cure.

Cohen, now 53, tends to gray, from the swept-back waves of his hair and his elegant suits ("Miami Vice" once cast him as an Interpol agent) to the somber sonority of his gravelly, world-weary voice. His manner is cool and elegant, befitting a man who's published as many books as he's made records (10 of each). Next year will bring a new collection of Cohen's poems, dating back to "Let Us Compare Mythologies," published in 1956 when he was still an undergraduate at McGill University.

At once the wandering minstrel and the centered citizen. Cohen has homes in Montreal, Los Angeles and Paris, where his former companion raises his two teen-age children. One month every year is spent in a Zen monastery in New Mexico (he's been meditating for 20 years).

Cohen's latest album, "I'm Your Man," has attracted the usual accolades, and, in Europe at least, has achieved some com-mercial success: It sold 500,000 copies there in the first five months of release and was No. 1 in Norway for 17 weeks. There's an annual Leonard Cohen Festival in Krakow, Poland, and he remains a concert draw on a continent where commercial success is one yardstick, but not the only

In North America — his native Canada and adopted states, mostly New York and California - the numbers are more modest: Leonard Cohen remains a critic's pet and a cult artist, with minuscule sales. His widest popularity came in the early 70s, particularly with his somber soundtrack for Robert Altman's "McCabe and Mrs. Miller." He's still with CBS, but "I'm Your Man" was his first album for the label in with small independents.

Which made for a certain irony when CBS gave Cohen its Crystal Globe Award for sales of 5 million albums - outside the United States. At the ceremony, Cohen looked calmly at the CBS troops and said, Over the years I've been deeply touched by the modesty of your interest in my work." And when "I'm Not Your Man" came out, he sent a letter to each member of the promotional staff, enclosing two very wrinkled dollar bills and asking them to make calls on the album's behalf. Even

'I feel like there is a swarm of bees buzzing around in my head, and I'm trying to move with a certain balance from one

moment to another.

though the date of the letter was April 1, some of the CBS folks sent the money

"They're very scrupulous spirits," chuckles Cohen.

It's two decades now since "Songs of Leonard Cohen" appeared and established him as the champion of griseous despair. If his ashen, artful lyrics exhibited an uncommon flair for poetic detail, it was because writing was Cohen's first calling, not mu-sic. By 1967, he'd already published four poetry collections (including "The Spice-Box of Earth" and "Flowers for Hitler") and two novels, in 1963 "The Favorite Game" (about a Jewish man's coming of age in Montreal) and in 1966 the confessional "Beautiful Losers."

He might have been the bright hope of Canadian literature, but for all the books to his credit, he couldn't get credit at a five and dime. "I had been living in Greece during the folk renaissance in the early and mid-'60s so I was unaware of it. I had published my second novel but it became clear to me I couldn't make a living as a writer; even though I'd received glorious reviews, I couldn't sell any books.

"So I decided I would become a singer. I played guitar and I'd already written songs, so I thought I'd go down to Nashville, make a country album and rescue myself. On the way down from Montreal, I stopped in New York and became aware that there was something going on here. And while I was staying at the Chelsea Hotel, I met Judy Collins. I sort of got

nine years; its two predecessors were done ambushed in New York City and felt a great kinship with many of the singers who were around at the time, so I kept going between Montreal and New York."

> In fact, Cohen was back in Montreal when he finished a song he thought Collins might like. He called her in New York. sang "Suzanne" over the phone, and Collins immediately decided to record it.

> "Suzanne" became one of the most wellknown ballads of the '60s. "On the basis of that recording I was able to establish some credentials in the racket," Cohen says. John Hammond, who had already signed Bob Dylan and would later sign Bruce Springsteen to CBS, "invited me up for hunch." A contract soon followed and at age 33, Cohen made his first record.

> "People once said I had all the musicality of a cement mixer," Cohen grumbles. When singer Jennifer Warnes recorded her Cohen songbook, "Famous Blue Raincoat" (a critical favorite in 1986 that spurred new interest in Cohen's career). "it was amusing for me to see that in almost every review of her album - and they were generally extravagantly positive — every-one went out of their way to point out that 'at last we have versions of these songs that we can listen to."

Was his pride hurt?

"Not deeply."

Cohen eventually made it down to Nash-ville for two albums that reflected his first musical excursions as a collegiate guitarist in a country band called the Buckskin Boys. Before that he'd been deeply moved by the music he heard in Montreal's synagogues. "The thing I like about cantonal music and protest music of the early '60s was that there seemed to be a sacran relationship between the singer and the audience. They gathered in the name of something and I suppose I prefer that kind of music."

His own songs often straddled the spiritual and the politically personal, prayers for a new age. Like many poets and certain songwriters, Cohen seemed to suggest that the oldest human instinct is to love, to be needed; to depend on others; that in a world in which traditional values are continually skewed, nothing else of value remains. "They are leaning out for love and they will lean that way forever," goes the line from "Suzanne."

For Cohen, the heart has always been both the center of a storm of doubts, insecurities and longings and the very shelter from that storm. In his recent work, familiar themes of personal despair and release have expanded, with the universal wrapping around the personal.

"I feel like there is a swarm of bees buzzing around in my head, and I'm trying



Cohen: His sales are better in Europe.

to move with a certain balance from one moment to another," he says. "I know that a lot of my friends are in trouble. A lot of my friends are on medication. The term clinical depression finds its way into too many conversations these days. One has a sense that a catastrophe has occurred in the psychic landscape and in the physical land-scape. But I've been speaking like this a

He cites a 10-year-old lyric whose commentary seems prophetic in its anticipation of everything from spiritual corruption and social betrayal to the greenhouse effect and

. Too early for the rainbow, too early for the

"That rap, which was discounted as part of my religious obsession, seems to have become at least a possibility," he says. "So then the question becomes, what is the appropriate behavior for a man or a woman in the midst of this, where each person is clinging to his piece of debris? What is the proper salutation between people as they pass each other in this flood? Those are the things that concern me in my work today."

duchess extended her stay. British tabloids criticized her for spending so much time away from Beatrice.

is exaggerated.

These are the final days, this is the darkness, this is the flood . . .

tress who had a much-publicized relationship with Prince Andrew, was awarded £300,000 (\$525,000) in damages following a libel action against The Sunday People. The newspaper, owned by the British publisher Robert Maxwell, had alleged that she had an affair with the prince after her marriage to Timethy Jefferies. No one has offered the \$2.8 mil lion asking price for the Las Vega home of the late Liberace, so it will: be sold Dec. 10 at an auction. An anonymous buyer paid a record \$1.05 million for an Australian painting by Repert Businy, ti-tled "Use Nuit de Canicule" (Hot Summer Night), done in 1910. The previous record was \$700,000 paid for Sir Arthur Ernest Streeton's "Settlers Camp." The Duchess of York returned to London with a toy koala for Princess Beatrice, who was in the care of a nanny while the duchess was in Australia with her husband, Prince Andrew, for six weeks. The couple met in mid-September for a 10-day tour to help celebrate Australia's bicentennial. When Andrew returned to his Royal Navy ship, the

Katarina Witt 22 Fast Germany's Olympic gold medalist in fig-ure skating, made her professional debut in the U.S. owned Holiday on Ice show in Zurich. The nineweek tour will also play in Vienna. Stockholm and two West German cities. Dortmund and Munich. Show officials confirmed that Witt will get the highest fee ever paid, but said the 7 million East German marks (\$3.8 million at the official rate) cited by East German sources

PEOPLE

Koo Stark Wins Suit

Against British Weekly

Kathleen (Koo) Stark, 32, the ac-

\$

43

Smokey Robinson has received the American Society of Composers, Authors and Publishers Founders Award for his singing and songwriting career.

Jésus López-Cobos, 48, has resigned, effective Jan. 30, as musical director of the Spanish National Orchestra, citing differences with the management.

TODAY'S

INTERNATIONAL REAL ESTATE **MARKETPLACE**

Appears on page 14

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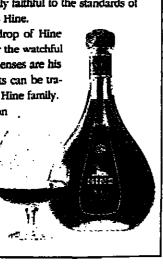
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